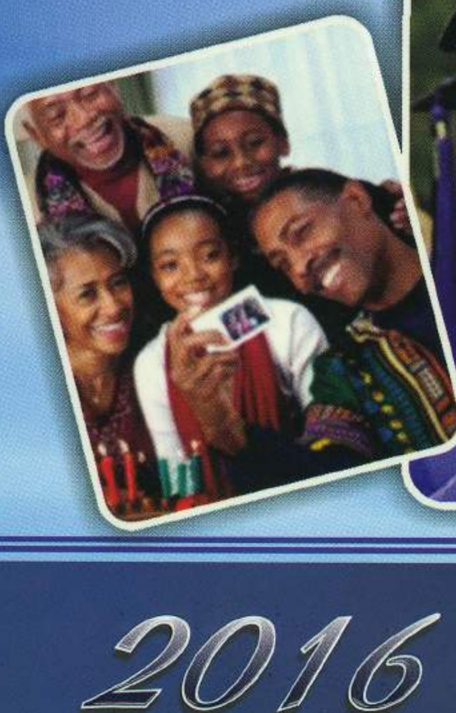
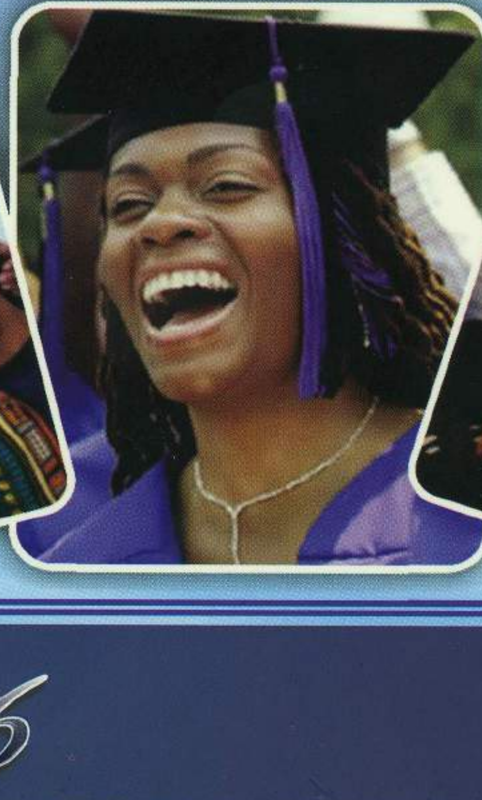
AFRICAN ALLIANCE

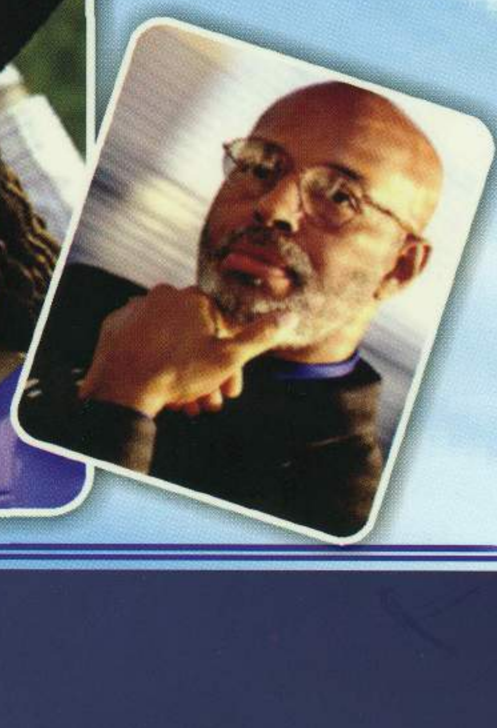
we're with you for Life

RC: 2176

AFRICAN ALLIANCE INSURANCE PLC







2016

ANNUAL REPORT
& Accounts

NIA

A MEMBER OF THE NIGERIA INSURERS ASSOCIATION

AFRICAN ALLIANCE
... we're with you for Life

INTRODUCTION

African Alliance Insurance Plc. Financial Statements comply with the applicable legal requirements of the Companies and Allied Matters Act regarding financial statements and comprises Consolidated and Separate Statements of the Group and the Company for the year ended 31 December 2016. The Financial Statements have been prepared in compliance with IAS 1 'Presentation of the Financial Statement' its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria.


Speak now,
We are Listening
from questions to complaints or general enquiries,
we have multiple dedicated phone lines for you;
0700AFRIALLIANCE
07002374255542623
AAI Connect:
08066309476 | 08066325672
07032294082 | 08121259754
Annuity Service Line:
08138609254
African Alliance Insurance Plc
we are with you for life!
Corporate Office: 61, Marina Lagos
Registered Office: 112 Broad Street, Lagos
Email: info@africanallianceplc.com | customer@africanallianceplc.com
Website: www.africanallianceplc.com

MISSION STATEMENT

"We Exist To Improve The Quality Of Life"

We Will Do This By:

- MAXIMIZING SHAREHOLDERS' RETURNS IN FAIR BUSINESS PRACTICES
- PROVIDING PROMPT & QUALITATIVE SERVICE DELIVERY
- RECOGNIZING OUR EMPLOYEES AS VALUABLE ASSETS
- ENGAGING IN PARTNERSHIP RELATIONSHIPS FOR GLOBAL ACCESS

Value Statements

PROMPT RESONSIVENESS
We give attention to our customers on time

QUALITY SERVICE
We consistently give superior solutions which add value

TRUSTWORTHINESS & TRANSPARENCY
We are open, accountable and professional in all our dealings

RELIABILITY
We are dependable

RESILIENCE
We are presistent in achieving positive result

NOTICE OF 49TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of AFRICAN ALLIANCE INSURANCE PLC will be held at UNIVERSAL HOTEL AT PLOT 3, AGULERI STREET, INDEPENDENCE LAYOUT, ENUGU, ENUGU STATE ON WEDNESDAY, 13TH DECEMBER, 2017 AT 10AM to transact the following businesses:

ORDINARY BUSINESS:

1. To receive the Report of the Directors and the Audited Financial Statements for the years ended December 31, 2015 and December 31, 2016, together with the reports of the Auditors and the Audit Committee thereon.
2. To re-elect Directors as follows:
   (i) To re-elect Mr. Anthony Okocha who was appointed as a non-executive Director in accordance with Article 125 of the Articles of Association of the Company which provides for retirement by rotation.
3. To approve the remuneration of Directors.
4. To ratify the appointment of the Audit firm of Akintola Williams Deloitte as the Company's Auditors.
5. To authorize the Directors to appoint and fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

NOTES:

1. Proxy
   A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid for the purpose of the Meeting, the Proxy Form which will be attached to individual Notices should be completed, duly stamped by the Commissioner of Stamp Duties and submitted to: The Registrar, Mainstreet Bank Registrars Limited, 2A Gbagada Expressway, Anthony Village, Lagos not later than 48 hours before the Meeting.
2. Closure of Register
   The Register of Members and transfer books will be closed from Wednesday, 7th November, 2017 to Tuesday, 12th December, 2017 both days inclusive, for the purpose of preparing an up-to-date Register.
3. Audit Committee
   In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, any member may nominate a Shareholder for election to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting. The Code of Corporate Governance of the Securities & Exchange Commission (SEC) and Code of Good Corporate Governance of the National Insurance Commission (NAICOM) respectively indicate that members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes. We would therefore request that nominations must be accompanied by a copy of the nominee's curriculum vitae.
4. E-Report
   In furtherance of our environmental sustainability agenda and in order to improve delivery of our Annual Reports, we have inserted a detachable form to the Annual Report.
   We hereby request shareholders who wish to receive Annual Reports of African Alliance Insurance Plc in electronic format to complete and return the said form to the Registrars for further processing.
   In addition, the Annual Report and Financial Statements are available for viewing and downloading at the Company website www.africanallianceplc.com.

Electronic Complaints Register

Please note that in accordance with the Securities and Exchange Commission's Rule No. 10(a) shareholders who have complaints should use the electronic complaints register on the website of the company at customer@africanallianceplc.com to register their complaints. This will enable the company handle complaints from shareholders' in a timely, effective, fair and consistent manner.

Conduct of Proceedings at General Meeting

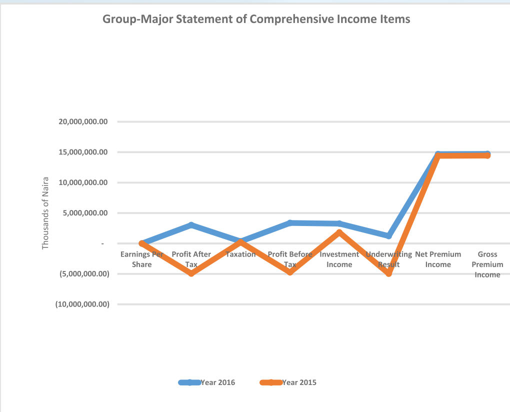
Pursuant to Rule 19.12(c) of the Nigeria Stock Exchange Rulebook 2015, every shareholder has the right to ask questions not only at the meeting but also in writing prior to the meeting. Please note that all questions prior to the meeting should be submitted to the company on or before the 7th of December 2017 to enable the company attend to all questions in a timely manner.

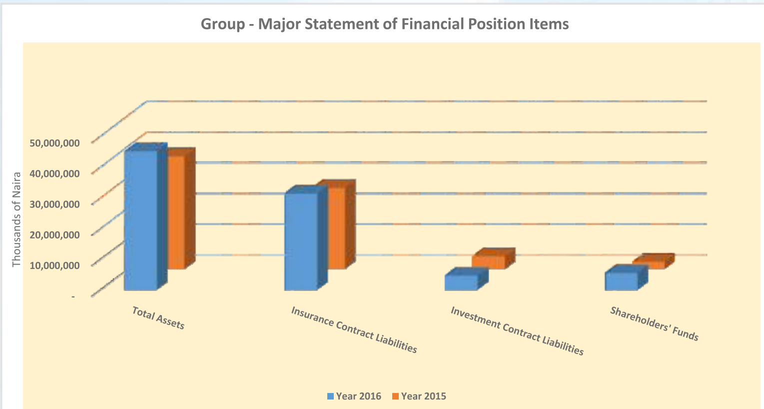
Dated this …. Day of ………….. 2017
BY THE ORDER OF THE BOARD

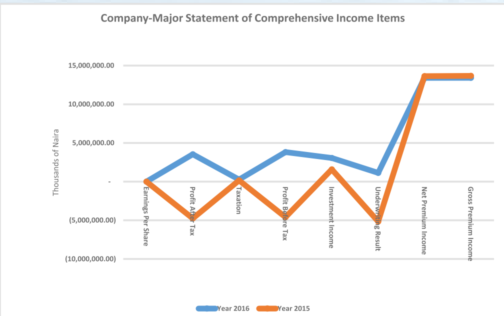
Tope Adebayo and Co
FRC/2013/NBA/0000001578
Company Secretary
3rd Floor, 79 Allen Avenue, Ikeja
Lagos

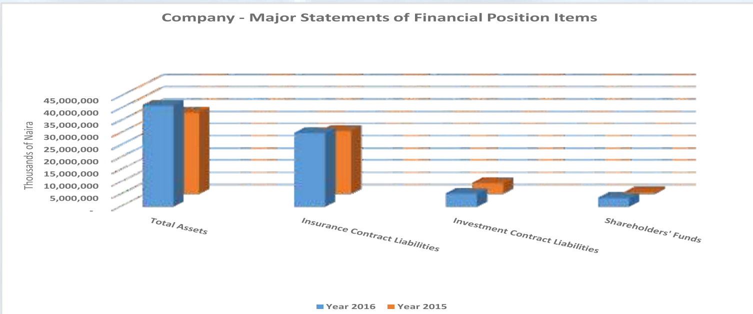
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS						
FOR THE YEAR ENDED 31 DECEMBER 2016						
	2016	**2015**	**%**	**2016**	**2015**	**%**
	=N='000	**=N='000**	**Change**	**=N='000**	**=N='000**	**Change**
MAJOR STATEMENTS OF COMPREHENSIVE INCOME ITEMS						
Gross Premium Written	14,258,800	14,980,608	-5%	12,963,414	14,210,615	-9%
Net Premium Income	14,678,438	14,400,292	2%	13,407,301	13,631,533	-2%
Underwriting Result	1,214,414	(4,954,288)	-125%	1,123,985	(5,153,172)	-122%
Investment Income	3,250,306	1,802,713	80%	3,062,749	1,578,209	94%
Profit Before Tax	3,361,861	(4,744,063)	-171%	3,808,015	(4,596,819)	-183%
Profit After Tax	3,021,445	(4,941,299)	-161%	3,537,386	(4,757,340)	-174%
Earnings Per Share	14.68	(24.00)	-161%	17.18	(23.11)	-174%
MAJOR STATEMENTS OF FINANCIAL POSITION ITEMS						
Total Assets	45,331,445	36,871,341	23%	41,354,390	33,278,414	24%
Insurance Contract Liabilit	31,634,602	26,683,090	19%	30,104,525	25,774,605	17%
Investment Contract Liabi	4,819,629	4,408,274	9%	5,411,398	4,408,274	23%
Shareholders' Funds	5,744,986	2,627,742	119%	3,602,751	613,107	488%









CORPORATE PROFILE
FOR THE YEAR ENDED 31 DECEMBER 2016

African Alliance Insurance Plc was incorporated as a private limited Liability company in May, 1960 and was the first indigenous life insurance company in Nigeria.

African Alliance Insurance Plc was originally set up in partnership with Munich Reinsurance Company, Germany (Munich Re) which continues to provide technical support to the Company as the need arises

In 2005, African Alliance pioneered the sale of Takaful (Islamic Insurance) through a selection of Sharia compliant insurance and investment products. In the same year, African Alliance, in a joint venture with the erstwhile First Securities Discount House Limited (FSDH) set upPension Alliance Limited (PAL), a Licensed Pension Fund Administrator with Assets under Management of =N=214 billion and after tax profits of N988 million (Year 2016 figures).

African Alliance Insurance Plc became a public limited liability following the successful completion of a private placement exercise undertaken in June 2008 on the back of an industry-wide recapitalisation exercise. Subsequently, the Company was listed on the Nigerian Stock Exchange(NSE) in September2009.

The Company's primary activities are the provision of life assurance and pension services with core competencies in a combination of protection (term assurance, endowments and group life), savings &investments and retirement plans. The objective of the Company is value addition to each strata of individuals and groups seeking to be insured and this objective is achieved by offering a range of products tailored to meet the need of clients at various Life stages. Top 5 products offered by the Company are annuity, money appreciation plan (under endowment), child education plan (under endowment), °esusu" and group life.

African Alliance has 100% equity in Axiom Air Limited, a Cargo Airline Company and Frenchies Foods (Nigeria) Limited, a Restaurant and Catering Services Company. The company also has a 96% stake in Ghana Life Insurance Company Limited, located in Accra, Ghana.

As at 31 December 2016, African Alliance had 18 branches and a network of experienced and highly motivated agents spread across the country for effective coverage. The Company's head office is located at 61 Marina Lagos, Nigeria.

CORPORATE INFORMATION AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2016

BOARD OF DIRECTORS

Chief Cyril Ajagu	-	Chairman (Resigned July 2016)
Alphonse O. Okpor	-	Managing Director/CEO (Retired March 2017)
Ambassador Abayomi Mumuni	-	Non-Executive Director
Richard Glanton	-	Non-Executive Director (American) (Retired April 2016)
Mrs. Oluwafunmilayo Omo	-	Executive Director (Appointed MD/CEO May 11 2017
Mrs. Olabisi Adekola	-	Executive Director
Mr Anthony Okocha	-	Non-Executive Director

MANAGEMENT TEAM

Alphonse Okpor	-	Managing Director/CEO (Retired March 2017)
Olufunmilayo Omo	-	Executive Director, Technical
Olabisi Adekola	-	Executive Director, Finance
Duke Enuenweugu	-	AGM Group Life
Wisdom Phillips	-	Controller, Information Technology
Ayodele Osisanya	-	Controller, Technical
Amaka Okafor	-	Deputy Controller, Abuja Operations
Bode Raji	-	HOD, Internal Audit

REGISTERED OFFICE	CORPORATE HEAD OFFICE
112, Broad Street Marina, Lagos.	61, Marina, Lagos

AUDITORS

Anuebunwa Jude & Co.
(Chartered Accountants)
7, Sabitu Street, Liverpool Estate
Ijegun Zone 2, Satelite Town.
P.O. Box 1231, Festac Town, Lagos.
FRC/2012/ICAN/00000000121

BANKERS:

1. Access Bank Plc
2. First Bank of Nigeria Plc
3. Ecobank Plc
4. Guaranty Trust Bank Plc
5. Union Bank of Nigeria Plc

CONSULTING ACTUARY

HR Nigeria Limited
AIICO Plaza, Afribank Street,
P.O. Box 75399
Victoria Island
Lagos
FRC/2012/NAS/00000000738

REGISTRARS AND TRANSFER OFFICE

Mainstreet Bank Registrars Limited
2a Gbagada Expressway
Anthony Village
Lagos

Dated this …. Day of ………….. 2017
BY THE ORDER OF THE BOARD

Tope Adebayo and Co
FRC/2013/NBA/00000001578
Company Secretary
3rd Floor, 79 Allen Avenue, Ikeja
Lagos

Distinguished Shareholders

On behalf of the Board of Directors, I am delighted to welcome you to the 49th Annual General Meeting of African Alliance Insurance Plc, and present to you the Annual Report and Financial Statements for the year ended 31st December, 2016. Our Company has continued to make giant strides, sustaining growth and maintaining its leadership position as a foremost provider of life insurance services in the country.

Operating Environment

The country witnessed challenges in the year in the area of oil and gas sector – a drop in Nigeria's crude oil production which was aggravated by the drop of crude oil prices. In addition, the tightening of monetary policy by the Central Bank of Nigeria (CBN) equally affected liquidity and increased the cost of funds, with an attendant impact on profitability. Furthermore, insecurity and incessant violence in the northern states and sporadic cases of kidnapping for ransom has contributed to the level of insecurity in the nation which has affected companies doing business in such location.

Financial Results

Year 2016 was indeed a challenging year for our business, notwithstanding, our premium income went down slightly to N14.25b in year 2016 from N14.98b in year 2015 representing a 5% decline rate. Claims expenses increased by 43% from N5.0b in year 2015 to N7.2b in year 2016. We grew our underwriting profit to N1.2b in year 2016 compared with N4.9bloss in year 2015 representing a 125% increase. Within a virile regulatory environment which enabled premium cash flow, investment income increased by 80% from N1.8b in year 2015 to N3.2b in year 2016.

As we continue to improve on our businesses across the group, we remain conservative in our dealings, which is evident in the fact that our balance sheet size grew by 23% from N36.8b in year 2015 to N45.3b in year 2016which also impacted positively on the shareholders' fund of N5.7b in year 2016 an increase of 119% from N2.6b in year 2015.

Our People

We have continued to invest in our people by providing challenging career advancement opportunities. Our employees across all cadre went through training on service delivery, operational efficiency, risk management and several other business and functional area during the financial year. We will continue to position our people to compete effectively in the company and create a learning environment that encourages resourcefulness and innovation.

Future Outlook

It is apparent that the 2017 financial year will be a period of defining growth for insurance companies, as we are faced with increased competition in the areas of product innovation, service delivery, pricing to mention a few. Competition will be very keen as customers are more discerning and are showing increasing interest and awareness on

quality, service delivery and cost, we will therefore hone our skills in various aspect of our company to become the leader in our market. We will invest in human and material resources that could guarantee the exceptional service delivery and optimal returns that discerning customers and shareholders want to experience in the new financial year.
Your company has made considerable investment in technological infrastructure, people and efficient process tools to enable us compete effectively in the insurance market. We have developed appropriate products and re-engineered our processes to deliver service and with the dedicated team of staff, management and the Board, we will achieve our corporate objectives in our target markets in the coming year and beyond. Guided by our strategy to restructure the Company's situation, we are positive that year 2017 will be promising.

Conclusion
Distinguished shareholders, I wish to thank you for your ceaseless support and strong belief in our company. I thank my colleagues on the Board for their support and invaluable contribution towards the success and growth of the company. I wish to express my sincere gratitude to our customers for their patronage. I am convinced that with the experience of the Board, Management and Staff, the Company will continue to strengthen its strategic alliances with insurance intermediaries and clients to improve its market share and to advance its leadership position in the industry.

Thank you all for listening. May God Almighty continue to bless and favour African Alliance insurance Plc. Amen.

Chairman

MR. ALPHONSE OKPOR
MANAGING DIRECTOR

MRS. FUNMI OMO
EXECUTIVE DIRECTOR TECHNICAL

MRS. OLABISI ADEKOLA
EXECUTIVE DIRECTOR FINANCE

AMBASSADOR N. MUMUNI
NON-EXECUTIVE DIRECTOR

MR. ANTHONY OKOCHA
NON-EXECUTIVE DIRECTOR

ALPHONSE. O. OKPOR
B.Sc, ACII: ***Managing Director/Chief Executive Officer***

Alphonse O. Okpor is the Managing Director/Chief Executive Officer of African Alliance Insurance Plc and has spent over 22 years in the Nigerian Insurance Industry, having initially commenced his career with African Alliance Insurance (still a Limited Liability Company) for fifteen years. He then resigned to join the African Development Insurance Company Limited as Deputy General Manager and became the Chief Operating Officer after a year. Mr. Okpor later left to join Insurance Brokers of Nigeria Limited (IBN), a member of The Mash Group worldwide which is the world's largest Insurance Broking Group as Head of Marketing and Business Development for 5 years until he left to join BAICO Insurance Plc in 2003 as its' Managing Director and Chief Executive Officer.
In 2006 he left BAICO in order to return to African Alliance Insurance Plc as its Chief Executive Officer.

Mr. Okpor holds a Bachelors Degree in Insurance from the University of Lagos and is an Associate of the Chartered Insurance Institute, London and Nigeria. He is also an Associate Member of Nigeria Institute of Management.

Mr. Okpor has attended several local and international personal and professional development courses both locally and abroad in Germany, South Africa and the Lagos Business School, Lagos, Nigeria.

FUNMI OMO
B. Sc., ACII *(Chartered Insurer)*, AMNIM, Fiapm *Executive Director (Operations)*

Mrs. 'Funmilayo Omo is a graduate of the University of Lagos and was awarded a B.Sc. Degree in 1990. She was trained as a Life Insurance Underwriter by Munich Re in South Africa and has over 25 years' experience in Life and Pension Business.

She joined African Alliance Insurance Plc (then a Limited Liability Company) as an Assistant Superintendent in 1991 and then rose to the position of Controller (Technical Operations) in charge of Individual Business in 2004. In 2006, she became an Assistant General Manager and later on advanced to become the Executive Director and Head of Life operations.

Mrs. Omo, a Chartered Insurer, is currently an Executive Director and Head of the Technical Department of African Alliance Insurance Plc. She is an Associate Member of Chartered Institute of Insurance, London, an Associate Member of the Nigerian Institute of Management and an Associate of the Certified Pension Institute of Nigeria. Mrs. Omo has attended several training courses, seminars and workshops both within and outside the Country.

OLABISI ADEKOLA
Executive Director (Finance) - HND, FCA AMNIM, MBA, ACTI, Cert IFRs, Fiapm

Mrs. Olabisi A. Adekola obtained both her Ordinary National Diploma and Higher Diploma in Business Administration from the Federal Polytechnic, Ilaro between 1988 – 1994, where she took the Departmental Prize for the Best Student during both her OND and HND programmes. Olabisi holds an MBA in Financial Management from the Lagos State University, an Associate Member of Nigeria Institute of Management and is also an Associate Member of the Institute of Chartered Accountants of Nigeria.

Mrs. Adekola started her working career with Nigerian Hoechst Plc in 1990 and moved to Scoa Nigeria Plc in 1991 for her Industrial Attachment. She also worked with Computer Advantages Limited for a brief period as a Customer Service Officer in 1996 before moving to African Alliance Insurance Plc in 1997 as an Assistant Superintendent in Finance Department where she worked for six years and was awarded the Best Staff of the Year 2000.

Olabisi has participated actively in Product Development and related projects in African Alliance including the computerization of the Accounting and Audit Departments and the benchmarking and development of various software currently used by the Company.

Currently Mrs. Adekola is an Executive Director and Head of the Finance Department of African Alliance Insurance Plc. Mrs Adekola has attended several training courses both within and outside the Country.

AMBASSADOR ABAYOMI MUMUNI
Director - CHMC. FCMC, MPDM, MBSC, FASC, FFSS, CPMIN, S.A.C.Dip (Criminology)

Ambassdor Abayomi Mumuni (The Aare Jagunmade I of Lagos) has been actively involved in Government circles for many years. A Chartered Mediator and Conciliator, Ambassador Mumuni also possesses a Masters' Degree in Public Administration (MPA) from NnnamdiAzikiwe University and a Post-Graduate Diploma from Obafemi Awolowo University Ile-Ife in the same discipline. A man of vast experience in public affairs, AmbasadorMumuni's qualifications include a Certificate in International Criminal Justice & Administration, an Advanced Diploma in Public Administration, a Post Graduate Diploma in Public Administration, a Postgraduate Certificate in Intelligence and Terrorist Profiling, a Graduate Certificate in Forensic Science, Mediation and Conflict Analysis and has attended several local and international programs on Conflict Management and Resolution and Peacekeeping/Humanitarian Operations.

Among his political appointments and offices, Ambassador Mumuni counts the following:

Governorship Candidate, Congress for Progress Change. (CPC) Lagos State 2011
Director General, Planning & Research / Charge de Affairs' Federal Ministry of Health, Federal College of Complementary & Alternative Medicine of Nigeria, 2007 - 2011
Senatorial Candidate, All Nigeria People's Party, Lagos Central Senatorial District, 2007
Honorable Special Adviser on Economic & Foreign Matters to the Executive Governor of Taraba State; 1999-2003 and 2003-2005

Presidential Aspirant, United Nigeria People's Party (UNPP) Presidential Aspirant; 2003
Senatorial Candidate, All Nigeria People's Party, Lagos Central Senatorial District, 2003

Currently, Ambassador Mumuni is pursuing a Postgraduate Certificate in Intelligence and Terrorism Profiling, and a Masters' Degree in Applied Management Science (M.Sc).

Anthony C. Okocha: Director - **B. Sc Bio Chemistry, MBA Finance**

Anthony C. Okocha is a seasoned banker, who resigned from the banking industry in early 2010. Prior to this, he was the Acting Managing Director of the then IMB International Bank Plc before it merged with 3 other Banks (First Atlantic Bank Plc, Inland Bank Plc & NUB International Bank Plc) on December 31, 2005 to form First Inland Bank Plc.

At FinBankPlc (now merged with FCMB Plc), Tony – as he is popularly called, held responsibilities in Corporate Banking, Treasury and Structured Finance where he, at various times between 2006 and January 2010 was General Manager and Group Executive.

Prior to joining FinBankPlc Tony had over 26 years post-graduate experience spanning the Industry, Commerce, Banking and Financial & Business Strategy Consulting. He resigned from the services of FinbankPlc on January 31, 2010 to join Forbs Investment Solutions Limited as its pioneer Managing Director/Chief Executive Officer.

In the course of his banking career, Tony attended several management and leadership courses both local and offshore and is an alumni of the Universities of Ife and Lagos as well as Columbia University, New York. He is a Fellow of the Institute of Credit Administration of Nigeria and Senior Honorary Member of the Chartered Institute of Bankers of Nigeria. Tony currently sits on the Boards of Universal Insurance Plc, African Alliance Plc and Stoma Bakery Limited.

He is happily married with three (3) children.

MR. ALPHONSE OKPOR
MANAGING DIRECTOR

MRS. FUNMI OMO
EXECUTIVE DIRECTOR TECHNICAL

MRS. OLABISI ADEKOLA
EXECUTIVE DIRECTOR FINANCE

MR. DUKE ENUENWEUGU
AGM MARKETING

MR. AKINBODE RAJI
HOD INTERNAL AUDIT

MR. WISDOM PHILLIPS
CONTROLLER INFO TECH

MRS. AYODELE OSISANYA
CONTROLLER TECHNICAL

MRS. AMAKA OKAFOR
DEPUTY CONTROLLER
(NORTHERN OPERATION)

ALPHONSE. O. OKPOR B.Sc, ACII: *Managing Director/Chief Executive Officer*

Alphonse O. Okpor is the Managing Director/Chief Executive Officer of African Alliance Insurance Plc and has spent over 22 years in the Nigerian Insurance Industry, having initially commenced his career with African Alliance Insurance (still a Limited Liability Company) for fifteen years. He then resigned to join the African Development Insurance Company Limited as Deputy General Manager and became the Chief Operating Officer after a year.

Mr. Okpor later left to join Insurance Brokers of Nigeria Limited (IBN), a member of The Mash Group worldwide which is the world's largest Insurance Broking Group as Head of Marketing and Business Development for 5 years until he left to join BAICO Insurance Plc in 2003 as its' Managing Director and Chief Executive Officer.

In 2006 he left BAICO in order to return to African Alliance Insurance Plc as its Chief Executive Officer.
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Mr. Okpor holds a Bachelors Degree in Insurance from the University of Lagos and is an Associate of the Chartered Insurance Institute, London and Nigeria. He is also an Associate Member of Nigeria Institute of Management.

Mr. Okpor has attended several local and international personal and professional development courses both locally and abroad in Germany, South Africa and the Lagos Business School, Lagos, Nigeria.

FUNMI OMO - B. Sc., ACII *(Chartered Insurer)*, AMNIM, Fiapm *Executive Director (Operations)*

Mrs. 'Funmilayo Omo is a graduate of the University of Lagos and was awarded a B.Sc. Degree in 1990. She was trained as a Life Insurance Underwriter by Munich Re in South Africa and has over 25 years' experience in Life and Pension Business.

She joined African Alliance Insurance Plc (then a Limited Liability Company) as an Assistant Superintendent in 1991 and then rose to the position of Controller (Technical Operations) in charge of Individual Business in 2004. In 2006, she became an Assistant General Manager and later on advanced to become the Executive Director and Head of Life operations.

Mrs. Omo, a Chartered Insurer, is currently an Executive Director and Head of the Technical Department of African Alliance Insurance Plc. She is an Associate Member of Chartered Institute of Insurance, London, an Associate Member of the Nigerian Institute of Management and an Associate of the Certified Pension Institute of Nigeria.

Mrs. Omo has attended several training courses, seminars and workshops both within and outside the Country.

OLABISI ADEKOLA - Executive Director (Finance) - HND, FCA AMNIM, MBA, ACTI, Cert IFRs, Fiapm

Mrs. Olabisi A. Adekola obtained both her Ordinary National Diploma and Higher Diploma in Business Administration from the Federal Polytechnic, Ilaro between 1988 – 1994, where she took the Departmental Prize for the Best Student during both her OND and HND programmes. Olabisi holds an MBA in Financial Management from the Lagos State University, an Associate Member of Nigeria Institute of Management and is also an Associate Member of the Institute of Chartered Accountants of Nigeria.

Mrs. Adekola started her working career with Nigerian Hoechst Plc in 1990 and moved to Scoa Nigeria Plc in 1991 for her Industrial Attachment. She also worked with Computer Advantages Limited for a brief period as a Customer Service Officer in 1996 before moving to African Alliance Insurance Plc in 1997 as an Assistant Superintendent in Finance Department where she worked for six years and was awarded the Best Staff of the Year 2000.

Olabisi has participated actively in Product Development and related projects in African Alliance including the computerization of the Accounting and Audit Departments and the benchmarking and development of various software currently used by the Company.

Currently Mrs. Adekola is an Executive Director and Head of the Finance Department of African Alliance Insurance Plc. Mrs Adekola has attended several training courses both within and outside the Country.

Duke Enuenweugu N. - *Assistant General Manager (Marketing)*
Assistant General Manager (Marketing) - B.Sc, PGD, MBA, ACII, ANIMN

Duke holds a B.Sc. degree in Economics from Ambrose Alli University, Ekpoma; PGD in Management from Delta State University, Abraka and an MBA from the Federal University of Technology, Akure.

He is an Associate Member of the Chartered Insurance Institute of Nigeria (CIIN) with over 20 years post qualification experience and also an Associate Member of the National Institute of Marketing of Nigeria (NIMN).

He started his career with African Alliance Insurance Company Limited in the Technical Department. He worked with the Company for over 10 years and left as a Senior Superintendent to join Cornerstone Trustees Ltd in 1999 as Assistant Manager and Head, Employee Benefits. He was seconded to Cornerstone Plc in 2001 to pioneer the establishment of the Life & Pension Department. He was a Deputy Manager and Head, Life & Pensions Department.

In 2003, he joined British American Insurance Company Plc as a Senior Manager and as Head of the Marketing Department of the Company and served the Company until August 2007. He worked with Capital Express Insurance Company Limited between 2007 to early 2010 as a Senior Manager in-charge of the Technical Operations. He rejoined African Alliance Insurance Plc in April 2010. He was the Deputy Head of the Marketing Department and the Head Corporate Marketing from 2010 to January 2017. Duke is currently an Assistant General Manager and Head of the Marketing Department of African Alliance Insurance plc. He has attended several training courses, seminars and workshops in both within and outside the country.

Akinbode Raji - B.Sc, ACA
Head, Internal Audit and Control - B.Sc, ACA

Bode Raji attended the Federal College of Education (Technical) Akoka, Lagos and Ogun State University, Ago-Iwoye (now Olabisi Onabanjo University) where he graduated with a B.Sc in Accounting. He was enrolled in LadokeAkintolaUniveristy of Technology where he took an MBA in Financial Management and later had a Master of Science (M.sc) in Business Administrations and Management at the National Open University (NOUN)

Mr. Raji is an Associate Member of Chartered Institute of Accountants of Nigeria (ICAN), Associate Member of the Nigeria Institute of Management (NIM), an Associate Member of Chartered Institute of Economics. Mr. Raji is also a member of Association of Certified Anti-Money Laundering Specialists (ACAMS) based in Florida, USA.

Bode, as he was fondly called is also a Certified Forensic Accountant, a certification obtained from the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate member of Chartered Institute of Taxation of Nigeria.

He started his career in the Finance Department of the Company in 2000 where he worked for eight years and rose rapidly in various positions of escalating authority and responsibility before moving to Internal Audit in 2010. He has attended various Courses, Seminars, Conferences and developmental programmes both locally and internationally and outside the Industry. He has also participated actively in various projects and several software development and key work process automation initiatives of the Company. He has served as Chief Compliance/Risk Officer for the Company before now.

Bode is currently the Head of Internal Audit and Control of African Alliance Insurance Plc.

Mr. E Phillips, B. Tech: Assistant General Manager
Information Technology) - B.Tech, MCPN, MNCS, Fiapm

Mr. Phillips graduated from the Federal University of Technology, Akure, Ondo State, with a Bachelor of Technology (B. Tech) in Computer Systems. After his National Youth Service (NYSC) in 1989 he joined Computer Connections Limited, as a Trainee Software Engineer. He joined BS Computer Services in 1992 as a Senior Programmer and on that platform consulted across various Organisations.

Mr. Phillips later joined AIICO Insurance Plc as a Deputy Manager in July 1993 . He worked as System Administrator and and Head of Software Development. He rose to the position of a Senior Manager and Deputy Head of Information Technology department.. He left AIICO Insurance after nine years of meritorious service and joined Solution Information Technology as a Senior Consultant, in June 2002. He joined African Alliance Insurance Plc in January 2005 as Head of the Information Technology Department.

He has extensive knowledge of information and telecommunications, current and emerging technologies,considerable knowledge of strategic planning, systems and project management. He is proficient in facilitating teams and in decision-making processes in a collaborative environment and has extensive group process and process improvement skills.

He is a member of the Computer Professional Registration Council of Nigeria (CPN) and Nigerian Computer Society (NCS). He is also a Fellow of the Association of Investment Advisers & Portfolio Managers (iapm)

Ayo Osisanya
Controller, Chief Risk & Compliance Officer - Bsc. MBA

Mrs. Ayo Osisanya attended the University of Lagos and graduated with a B.Sc degree in Actuarial Science in 1986. Ayo holds an MBA in financial Management from the Lagos State University. She is a member of the Professional Risk Managers' International Association.

Ayo started her working career in African Alliance in 1987 and has been involved in several projects, product development and actuarial services in the company. She also worked as the controller Technical, assisting the Head of the Technical Department for several years. She has attended several training courses, seminars, conferences and workshops both within and outside the country.

Ayo is currently heading the Risk and Compliance Department of the Company.

Amaka Okafor B.Sc, ACIMA
Controller (Abuja/Northern Region)

Amaka Okafor graduated with a degree in Accounting from the Enugu State University of Science & Technology in 1999. With close to 10 years core business development experience in Insurance, Amaka has worked for key Industry players such as Unity Kapital Assurance and UBA Metropolitan Life.

A member of the Chartered Institute of Management Accountants (CIMA), Mrs. Okafor anchors African Alliance's Marketing Operations in Abuja & across Northern Nigeria.

AFRICAN ALLIANCE INSURANCE PLC

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in submitting to the members their report and audited financial statements of African Alliance Insurance Plc. (the Group) for the year ended 31 December 2016.

1. LEGAL FORM

The Company was incorporated as a private limited liability company in 1960 under the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 (then Companies and Allied Matters Decree 1968) with RC No. 2176. The company became a Public Liability Company following the successful completion of the private placement exercise undertaken by the company in June 2008. On 17 September 2009, the company became listed on the Nigerian Stock Exchange. The subsidiaries wholly owned by the company are Axiom Air Limited, a cargo airline company, Frenchies Foods Nigeria Limited, a restaurant and catering company and Ghana Life Insurance Company Limited, a life assurance company in Ghana.

2. PRINCIPAL ACTIVITIES

The Company is engaged in life assurance and pension business. On need basis, Munich Reinsurance provides technical services under an agreement with the Company.

3. OPERATING RESULTS

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

The following is a summary of the Group's operating results: -
(in thousands of Nigerian Naira)

	Group 2016	Group 2015	Company 2016	Company 2015
Profit before tax	3,361,861	(4,744,063)	3,808,014	(4,596,819)
Taxation	(340,417)	(197,236)	(270,628)	(160,520)
Profit after tax	3,021,445	(4,941,299)	3,537,386	(4,757,340)
Transfer to contingency reserve	366,692	149,806	353,739	142,106
Retained earnings for the year	2,654,752	(5,091,105)	3,183,647	(4,899,446)
Retained earnings, beginning of year	(24,697,716)	(19,606,611)	(24,741,391)	(19,841,945)
Retained earnings, end of year	(22,634,734)	(24,697,716)	(22,149,513)	(24,741,391)
Transfer to other reserves	175,413	93,592	44,027	38,582
Earnings per share – Basic	14.68	(24.00)	17.18	(23.11)
Total Assets	45,331,445	36,871,341	41,354,390	33,278,415
Cash and cash equivalent	6,423,424	3,801,053	6,359,790	3,771,636
Financial assets	24,076,158	18,910,682	23,584,249	18,529,386
Insurance Contract liabilities	31,634,602	26,683,090	30,104,525	25,774,605
Share-holders' funds	5,744,986	2,627,742	3,602,751	613,107
Statutory Deposits	313,407	224,211	200,000	200,000

4. PROPERTY PLANT AND EQUIPMENT

Movement in Property Plant and Equipment during the year are as shown in note 16 of notes to the financial statements.

5. DIRECTORS

The names of the directors who held office during the period and at the date of this report are as stated on page 3.

Directors remuneration

Non-Executive Directors remuneration comprises of directors fees, sitting allowance and travelling allowance for those outside the country payable during the year.
Executive Directors remuneration includes salaries and allowances payable during the year.

6. DIVIDEND

No dividend was proposed for year ended 31 December 2016.

7. DIRECTOR'S INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding at 31 December 2016 are as follows:

Number of ordinary shares of 50K each held				
Directors	Direct		Indirect	
	2016	2015	2016	2015
Chief Cyril Ajagu			11,835,000,000	10,585,000,000
Anthony Okocha	50,000	50,000		
Richard Glanton				
Alphonse Okpor	2,500,000	2,500,000		
Ambassador Abayomi Mumuni				
Mrs Funmi Omo				
Mrs Olabisi Adekola				

Director	Indirect Interest Represented
Chief Cyril Ajagu	Conau Limited

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any declarable interest in contract in which the Company was involved as at 31 December 2016.

8. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.
The range of shareholding as at 31 December 2016 is as follows:

Range of holdings			No. of Shareholders	No. Of shares held	% Holdings
1	-	7,000,000	991	768,609,719	3.73
7,000,001	-	15,000,000	57	567,453,969	2.76
15,000,001	-	40,000,000	13	336,116,282	1.63
40,000,000	and	Above	33	18,912,820,030	91.88
Total			1,094	20,585,000,000	100.00

9. MAJOR SHAREHOLDING

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31st December 2016.

Conau Limited	11,835,000,000	57.49%
Universal Insurance Plc	1,200,000,000	5.83%

10. FRAUD/FORGERY

There was no fraud recorded during the financial year under review.

11. CORPORATE GOVERNANCE

The Board of Directors and the Management of African Alliance Insurance Plc are committed to leadership in corporate governance. The business of the Company is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the company For its shareholders and other stakeholders.

Corporate governance practices in the company are as codified in the NAICOM Code of Corporate Governance for Insurance Industries in Nigeria Rules 2009, the SEC Code of Corporate Governance 2010, the Companies and Allied Matters Act 2004 and other relevant statutes which provide guidance to the governing of Insurance companies.

The Board fulfils its role directly and through Committees to which it delegates certain responsibilities. The Board and its Committees are focused on the continued improvement of our governance principles and practices. The Board's main responsibilities include:

a). Disclosure of Reliable and Timely Information to Shareholders
b). Approval of Strategy and Major Policy Decisions of the company
c). Evaluation, Compensation and Succession for Key Management Roles
d). Oversight of the Management of Risks and the Implementation of Internal Controls
e). Effective Board Governance.

The Board of Directors is currently made up of seven (7) Directors. The position of the Chairman is distinct from that of the Managing Director. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the company as are not by law or the Articles of Association of the

BOARD MEETINGS	COMPOSITION	NO. OF ATTENDANCE	24 FEB. 2016	23 MAR 2016	11 MAY 2016	17 MAY 2016	21 JULY 2016	22 NOV 2016
Chief Cyril Ajagu	Chairman	4	√	√	√	√	X	X
Mr. Alphonso O. Okpor	Member	6	√	√	√	√	√	√
Ambassador Abayomi Mumuni	Member	3	√	X	X	X	√	√
Mr. Richard Glanton	Member	0	X	X	X	X	X	X
Mrs. Oluwafunmilayo Omo	Member	6	√	√	√	√	√	√
Mrs. Olabisi Adekola	Member	6	√	√	√	√	√	√
Mr. Anthony Okocha	Member	6	√	√	√	√	√	√

The Board functioned either as a full board or through committees. The Board committees as listed below make recommendations for approval by the full Board.

COMMITTEE	MEMBERSHIP	STATUS
Establishment, Compensation & Governance Committee	Ambass. Mumuni Nurain Mr Okpor A Mrs Omo Funmi Mrs Adekola A. O	Chairman Member Member Member
Enterprise Risk Management Committee	Mr Anthony Okocha Olabisi Adekola Oluwafunmilayo Omo Mr Okpor A	Chairman Member Member Member
Audit & Compliance Committee	Alhaji Tunde Kabir Sarumi Mr. Anthony Okocha Mrs. Oluwafunmilayo Omo Mrs. Olabisi Adekola Mr. Fidelis Ijoma Opia Dr. Attu Nnaji Raphael	Shareholder/Chairman Director/Member Director/Member Director/Member Shareholder/Member Shareholder/Member
Investment Committee	Chief Cyril Ajagu Mr Anthony Okocha Mr Alphonse Okpor Mrs Olabisi Adekola Mr Vincent Emezi	Director/Chairman Member Member Member Member

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

Establishment, Compensation & Governance Committee:

This committee did not meet during the year. The committee meets as the need arises to review the composition of the Board and recommend skill mix and diversity required for appointment of new board members and senior management staff. It also makes recommendations relating to Corporate Governance.

Enterprise Risk Management Committee:

The Committee met three times during the year. It was set up to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting. The committee assist in the review and approval of the company's risk management policy; oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

Meetings	COMPOSITION	NO. OF ATTENDANCE	19 Feb. 2016	4 Aug. 2016	9 Nov. 2016
Mr Anthony Okocha	Chairman	3	√	√	√
Olabisi Adekola	Member	3	√	√	√
Oluwafunmilayo Omo	Member	3	√	√	√
Mr Okpor Alphonse	Member	3	√	√	√

Audit & Compliance Committee:

The Committee held four meetings during the year. Section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. In addition to this, a Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

(BOARD/SHAREHOLDERS AUDIT COMMITTEE)

MEETINGS	COMPOSITION	NO. OF ATTENDANCE	30 March 2016	21 June 2016	22 Sept. 2016	29 Nov. 2016
Alhaji Tunde Kabir Sarumi	Shareholder/Chairman	4	√	√	√	√
Mr. Anthony Okocha	Director/Member	4	√	√	√	√
Oluwafunmilayo Omo	Director/Member	4	√	√	√	√
Mrs. Olabisi Adekola	Director/Member	4	√	√	√	√
Mr. Fidelis Ijoma Opia	Shareholder/Member	4	√	√	√	√
Dr. Attu Nnaji Raphael	Shareholder/Member	3	√	x	√	√

Investment Committee

The Committee met three times during the year. It was set up to review the financial performance of African Alliance Insurance Plc and its Subsidiaries, to review and approve the management and performance of the investment portfolio for the Company, and to review all significant financial transactions for the Company, including debt and capital transactions.

MEETINGS	COMPOSITION	NO. OF ATTENDANCE	19 Feb 2016	4 August 2016	9 Nov 2016
Chief Cyril Ajagu	Chairman	0	X	X	X
Mr Anthony Okocha	Member	3	√	√	√
Olabisi Adekola	Member	3	√	√	√
Mr Okpor A	Member	2	X	√	√
Mr. Vincent Emezi	Member	1	X	X	√
Oluwafunmilayo Omo	Member	2	√	x	√

DIRECTORS ATTENDANCE AT MEETINGS

Directors	Board	Establishment, Compensation & Governance Committee	Audit & Compliance Committee	Enterprise Risk Management Committee	Investment Committee
Number of Meetings	6	0	4	3	3
Dates of Meetings	24 Feb. 2016, 23 Mar 2016, 11 May 2016, 17 May 2016, 21 July 2016, 22 Nov. 2016	0	30 Mar. 2016, 21 June 2016, 22 Sept 2016, 29 Nov. 2016	19 Feb. 2016, 4 Aug 2016, 9 Nov 2016	19 Feb 2016, 4 Aug 2016, 9 Nov 2016
Chief Cyril Ajagu	4	0	N/A	N/A	0
Mr. Alphonso O. Okpor	6	0	N/A	3	2
Ambassador Abayomi Mumuni	3	0	N/A	N/A	N/A
Mr. Richard Glanton	0	0	N/A	N/A	N/A
Mrs. Oluwafunmilayo Omo	6	0	4	3	3
Mrs. Olabisi Adekola	6	0	4	3	3
Mr. Anthony Okocha	6	0	3	3	3

12. EMPLOYMENT AND EMPLOYEES

a. Welfare of employees

The Company provides allowances to its employees at all levels for medical, transportation and housing. The Company is also committed to providing a safe and healthy work environment for all staff.

b. Employees involvement and training

The Company ensures that employees are informed in respect of the Company's activities especially in areas that concern them.

The Company also invests in training its workforce at various levels both in-house and external courses. This has resulted in enhancing the technical expertise of the workforce.

c. Workforce

The number of persons employed as at the end of the year were as follows:

	Male	Female	Total
Managerial	5	4	9
Senior Staff	30	27	57
Junior Staff	10	12	22
	45	43	88

DONATIONS AND CHARITABLE GIFT

The following are donations and charitable gifts made to non- political, charitable and educational organisations during the year.

BENEFICIARY	AMOUNT =N=
Chartered Insurance Institute	250,000
Nigeria Insurance Association	500,000
	750,000

13. AUDITORS

Messrs Anuebunwa Jude & Co (Chartered Accountants) will disengage as auditors after the 2016 audit, having served the maximum 5-year tenure stipulated by the regulators (NAICOM).

14. CONTRAVENTIONS

The Company was penalised to pay the sum of N25.3million for late filing of accounts for the year 2015 and 2016 to The Nigerian Stock Exchange which is being paid on Instalment basis.

15. SHAREHOLDING INFORMATION

Share Capital History

The following changes have taken place in the company share capital since inception.

Year	Authorised (N)		Issued & Fully Paid-up (N)		Consideration
	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
1961	100,000	100,000		25,000	Cash
1996	20,000,000	25,000,000		5,000,000	
1999		25,000,000	15,000,000	20,000,000	Cash
2004	175,000,000	200,000,000	130,000,000	150,000,000	Cash
2007	300,000,000	500,000,000		150,000,000	Cash
2008	14,500,000,000	15,000,000,000	5,000,000,000	5,150,000,000	Cash
2008		15,000,000,000	2,850,000,000	8,000,000,000	Share exchange
2009	-	15,000,000,000	2,292,500,000	10,292,500,000	Right issue

Dividend History

Dividend in the last ten years

Year	**Profit (Loss) After Taxation (N'000)**	**Dividend Proposed**
2002	Nil	Nil
2003	Nil	Nil
2004	7,998	Nil
2005	(16,471)	Nil
2006	(18,393)	Nil
2007	2,825	Nil
2008	(7,967,674)	Nil
2009	(5,449,243)	Nil
2010	(3,090,730)	Nil
2011	(1,094,978)	Nil
2012	(315,375)	Nil
2013	1,404,680	Nil
2014	630,161	Nil
2015	(4,757,340)	Nil
2016	3,537,386	Nil

Unclaimed Dividend

The Company do not currently have any unclaimed dividend hence no list is provided.

16. SECURITIES TRADING POLICY

The Company also has in place a Securities Trading Policy in compliance with Rule 17.15 Disclosure of Dealings in issuers' shares, Rulebook of The Nigeran Stock Exchange, 2015. This policy can be found on the Company's website www.africanallianceplc.com

Dated this …. Day of ………….. 2017
BY THE ORDER OF THE BOARD

Mosunmola Oke
FRC/2013/NBA/00000003837
Company Secretary
3rd Floor, 79 Allen Avenue, Ikeja
Lagos

ENTERPRISE RISK MANAGEMENT (ERM)REPORT

1. Introduction

1.1 The essence of our business is underwriting the insurance risks of our clients.
The process of fulfilling our objective of meeting client claims, as and when due, involves us in many activities ranging from correctly pricing the insurance risks, investing both Insurance and Shareholder Funds, ensuring our business contracts are adequately written, reporting our activities internally and externally, employing the right staff and having adequate employees and systems etc.

Each aspect of our processes exposes us to risk of not fulfilling our objectives through the possibilities of exposure to financial loss.

The Board therefore has put in place a Risk framework for managing all risks the company is exposed to with the aim of achieving our Company Strategic Objectives. This process of Risk Management across all functional business units is termed Enterprise Risk Management (ERM).

The Board intends ERM to be embraced across the Group hence each business unit has been involved in identifying and ranking risks we face. ERM is therefore a process applied in strategy setting across the enterprise.

Thus, in developing our ERM framework, we identified risks inherent in the linkage of our Operational, Reporting and Compliance Objectives to our Strategic Objectives.

1.2 Objectives of Risk Management policy

African Alliance Risk Management policy is designed to ensure that our processes reflect our strategic objective expressed in our Vision and Mission Statement of being a world class financial institution that consistently goes beyond maximizing stakeholders' expectations.

Our stakeholders are multiple and have varied, interests, they include: Shareholders, Policyholders, Regulators, Employees, Service Providers, Investing public, other insurers etc. To meet, and go beyond, stakeholder expectations requires our Risk Management policy to ensure that;

- Risk Appetite and Tolerance limits are not exceeded
- Reputation is at all times protected

2. Categories and Identification of Risk

2.1 Description of Key Risks

(a) Insurance Risk

Insurance risk arises from two main sources:

- Claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and retrocession programme.
- Balance Sheet Technical Reserves in respect of the outstanding terms for already written being inadequate for the corresponding emerging claims.

(b) Market Risk

Market risk arises from unexpected falls in the market value of company assets possibly leading to the desired solvency level breached and the need for additional capital. The key risk exposure area under market risk is interest rate risk, equity risk and foreign exchange risk.

(c) Liquidity Risk

Liquidity risk is the possibility of the company not being able to meet its financial obligations as and when due, due to liquidity rather than solvency reasons. This could arise if it is difficult to monetize/sell assets, or when there are unexpected large/rush of claims.

(d) Credit Risk

This is the risk of third parties not meeting their financial obligations to the company - for example re-assurers not paying their proportion of claims or bond issuers and creditors not paying interest income due.

(e) Operational Risk

This is possibility of adverse experience arising from the day-to-day operations of the company. It is risk linked to the company's people (quality, work ethics etc.), processes and systems. For instance,

- Inadequate treaty policy wordings leading to unexpected claims etc.,
- Breakdown of IT systems leading to loss of man hours.

(f) Legal/Compliance Risk

The main objective of compliance in the Company is making sure that the system is effective and efficient through ensuring adherence to rules and regulations as stipulated in the guidelines issued by NAICOM and SEC. This is aimed at achieving the set goals of providing sustainable services to the insuring public and all stakeholders. Procedures designed and implemented to ensure compliance breaches includes:

Code of corporate governance for public companies by SEC
Know your customer guidelines
Code of good corporate for the insurance industry in Nigeria by NAICOM
Whistle blowing guidelines

- Marketing staff are taken through the guidelines on marketing operations
- Copy of staff handbook is signed for by the staff

Staff members are being encouraged and empowered to report any violation of rules and regulations without fear of victimization in line with the guidelines issued by NAICOM.

(g) Reputational Risk

This is the risk of events and actions that undermine public interest, integrity and trust in a company's brand. To mitigate this type of risk, the company has adopted and implemented the use of customer feedback mechanisms, investor relation management, sponsorship of media programs, identify, assess and investigate grievance and complaints of customers and other stakeholders with a view to resolving issues satisfactorily.

3. Success Criteria

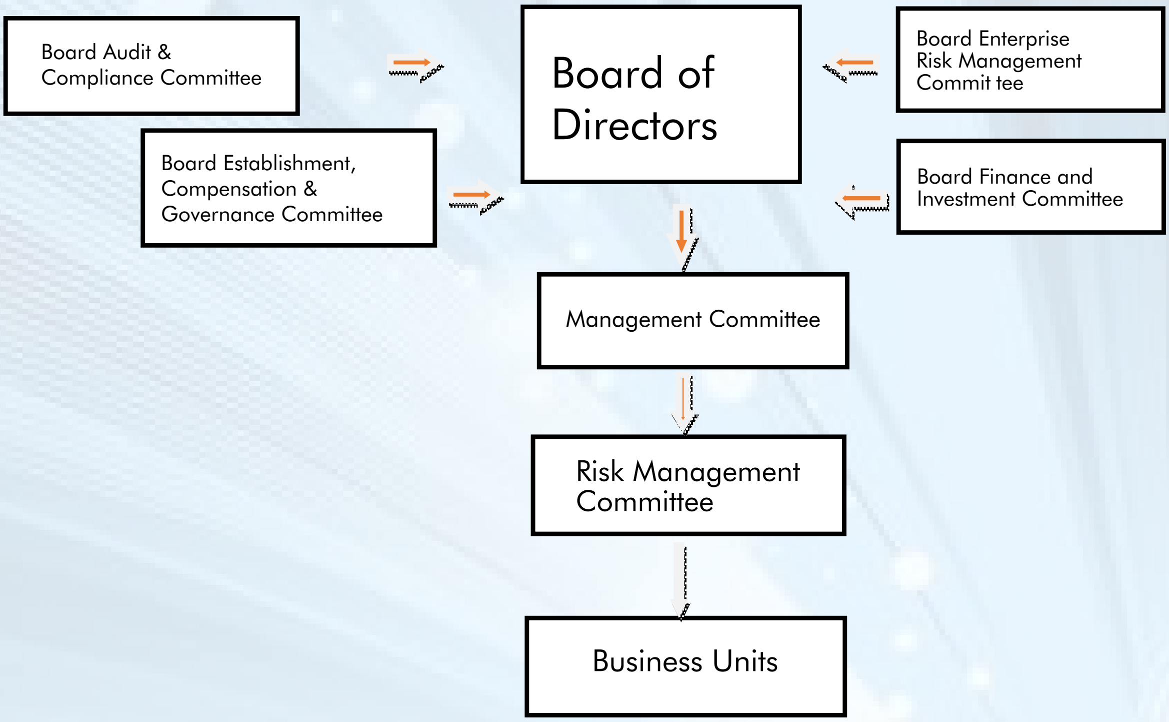
African Alliance success criteria are to build a risk culture whereby there is an adequate level of risk awareness across all business units and amongst all employees. This requires:

- That the risks faced be communicated across the company. Communication could on the one hand be at entire company level and on the other hand be Business Unit (BU) specific.
- Risks should continually be reassessed, and discussions should be encouraged to capture new emerging risks.
- A risk report should be produced by the Chief Risk Officer, at least quarterly with the top risks highlighted. This should be discussed at the RMC meetings and if need be relevant heads of business units may be invited to contribute to the discussion.

4. Risk Management Structure

4.1 The diagram and comments below illustrate the company's enterprise risk management structure.

ERM GOVERNANCE STRUCTURE:



The Board of Directors sets the tone for risk management through approving:

- Strategic Objectives for the company
- The company's Risk Appetite and Tolerance Limits

The Board Audit and Compliance Committee have an oversight functions on regulatory compliance, external auditor, financial reporting, risk management and monitoring internal control processes.

The Board Investment Committee review the financial performance of the Company, review and approve the management and performance of the investment portfolio, and to review all significant financial transactions for the Company, including debt and capital transactions.

The Board Risk Management Committee ensures effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting. The committee assist in the review and approval of the company's risk management policy; oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

The Risk Management Committee (RMC) has the oversight role of ensuring that the business units adhere to the Board's risk directive. The RMC will ensure/ encourage business units to develop a risk culture whereby;

- All leaders are aware of the Company's Strategic Obligations and Risk Appetite and Limits
- Business processes adhere to the stipulated risk limits and, if they are likely to be exceeded – the information is quickly escalated to the Risk Officer/RMC

The RMC through its Chairman, reports on risk matters to the Board.

The Risk Officer and each Business unit implement the risk management process through identifying current and emerging risks and reviewing the controls in place.

The Risk Officer collates quarterly enterprise-wide reports for the RMC inclusive of the Risk Map, Risk Profile and Risk Dashboard of the top 10 or 15 risks illustrating control trends and, mitigation advice accept risk, share risk, reject risk.

5. Risk Identification and Assessment

5.1 A consistent approach has been adopted to identifying and assessing risks across the following business units in the company:

- Technical (Insurance)
- Investment
- Finance
- IT
- Marketing
- Administration
- Corporate Affairs
- Legal/Compliance
- Property
- Risk Management
- Human Resources

5.2 Risk Identification

To effectively identify and assess the potential risks faced within each Business Unit of the group, we have adopted the following Enterprise Risk Management framework structure as described below.

Strategic Objectives
High-level goals aligned with and supporting the company's mission. These high-level goals are set at the Board level, reviewed periodically, and cascaded through the operations, reporting and compliance objectives of the different Business units.

Operational Objectives
Effective and efficient use of the company's resources.

To identify the potential risks faced by each Business unit in its operations, we followed the process outlined below;

- Identify all the core processes undertaken in the Business unit.
- For each identified core process, define its objective.
- During a brainstorming session, discuss the likely events that could hinder achievement of these defined objectives and document them as the potential risks.

Reporting Objectives
Reliability of reporting:
As a Business unit, all the reports generated for internal use - weekly, monthly, quarterly or annual reports produced to aid decisions taken by the management or Board were identified and listed. The events that could lead to non-production, delay, or inaccurate production of these reports were then identified and listed as the potential risks faced.

Compliance Objectives
Compliance with applicable laws and regulations:
The procedure followed to identify the potential risks faced is similar to the process described above for reporting. All the regulatory and statutory bodies and the reports submitted to meet their requirements for the Business unit concerned were identified during the brainstorming session.

6. Line of Defence

We operate and maintain three lines of defence for the management and oversight of risk to ensure adherence to guiding principles and control. The lines of defence are:

First Line – Board and Management
The Board, Management and line managers are responsible for identifying and assessing the risks faced by the company in line with the set risk appetite and ensuring that appropriate controls are established and maintained.

Second Line – Risk Management Unit
The company's risk management department is responsible for designing risk framework methodologies and tools which supports the business in analysing and managing risks and providing early warning of adverse trends. The department reports to the Board, management and staff on risk identification, control and mitigation.

Third Line – Internal Audit Function
This line of defence provides independent and objective assurance on the effectiveness of internal controls established by the Board, management and Risk Unit in the Company.

7. Risk Appetite

7.1 The Board of African Alliance has been able to define a robust Risk Appetite and Tolerance statements and framework.

Our Risk Appetite is a statement of how much risk the company is willing to take in the process of achieving its strategic objectives. Put another way the risk appetite states how much of the company's capital, embedded value and, forecast earnings the company/the Board is prepared to risk in the process of attaining the company objectives.

On the other hand, our Risk Tolerance statement allocates the Risk Appetite to our Business Units.

Our risk appetite statement is both quantitative and qualitative. It aims to ensure that we have adequate capital in the event of extreme claim events whilst at the same time having good management - underwriting, expense levels, good investment returns etc.

8. Risk Reporting

8.1 The Company quarterly prepare Risk Reports to be reviewed and discussed by the Risk Management Committee.

The risk report includes;

- ✓ The Company's risk profile.
- ✓ Discussions on the high risks identified in the risk map.
- ✓ Assessment of adherence to the risk appetite and tolerance statement.
- ✓ Discussion on emerging risks.
  There are also periodic risk assessment reports, and re-ranking risks at periods deemed necessary.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the Year ended 31 December 2016.

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

I. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the companies and Allied Matters Act and the Insurance Act.

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities: and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, in compliance with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- The requirements of the Insurance Act;
- Relevant guidelines and circulars issued by the National Insurance Commission (NAICOM);
- the requirements of the Companies and Allied Matters Act, and
- Financial Reporting Council of Nigeria Act.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Olabisi Adekola
FRC/2013/ICAN/00000001179

Alphonse O. Okpor
FRC/2013/CIIN/00000003868

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CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 27 OF 2007

We the undersigned hereby certify the following with regards to our audited reported for the period ended 31st December 2016 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 statements, misleading in the light of circumstances under which such statements were made;

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

d. We;

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

(ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;

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

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

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

(i). All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise 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.

Olabisi Adekola
FRC/2013/ICAN/00000001179

Alphonse O. Okpor
FRC/2013/CIIN/00000003868

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

To the members of African Alliance Insurance Plc

In compliance with the requirements of section 359 (6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004, we confirm that we have examined the Financial Statements and the Auditors Report's thereon in respect of the financial year ended 31 December 2016.

In our opinion, the accounting policies of the Company are in accordance with legal requirements and agreed ethical practices.

The scope and planning of the audit for the year were adequate and departmental responses to the Auditor's findings on management matters were satisfactory.

Dr. Attu Naji Raphael
FRC/2013/ANAN/00000003475
Member, Audit and Compliance Committee
08 June, 2017

MEMBERS OF THE AUDIT COMMITTEE

Alhaji Sarumi Tunde Kabir (Chairman – Shareholders Representative)
Dr Attu Nnaji Raphael (Member – Shareholders Representative)
Mr Fidelis IjomaOpia(Member – Shareholders Representative)
Mr Anthony Okocha (Member – Non Executive Director)
Mrs Adekola Olabisi (Member – Executive Director)
Mrs Omo Funmi (Member – Executive Director)

IN ATTENDANCE

Tope Adebayo LLP (Company secretary)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2016

The Management Discussion and Analysis (MD&A) presents management's view of the financial results of the company's operations and cash flows of African Alliance Insurance Plc and its subsidiaries for the year ended 31st December 2016.

The nature of the business

African Alliance Insurance Plc was incorporated as a Private Limited Liability Company on May 6th 1960 and was the first indigenous insurance company to carry out the business of Life Assurance in Nigeria. In 2005, African Alliance Insurance Plc. pioneered the sale of Takaful (Islamic Insurance) in Nigeria through a robust selection of Sharia compliant insurance and investment products, also in the same year, the company went into a joint venture with First Securities Discount House Limited (FSDH) to set up Pension Alliance Limited (PAL), a licenced Pension Fund Administrator.

Management objectives and strategies

The Group has established a solid reputation for excellent customer service and prompt claims settlement. Our marketing efforts are co-ordinated through a network of 18 Branches manned by experienced managers and highly motivated sales personnel for effective field coverage. Other recent and on-going capacity building efforts and performance enhancers embarked on by the Company's management include information technology infrastructure to link our offices nationwide for more excellent standard of service delivery through improved on-line, real-time customer claims and policy handling processes.

Result of operations:-(in thousands of Nigerian Naira)

	Group 2016	Group 2015	% Chg.	Company 2016	Company 2015	% Chg.
Gross premium written	14,258,800	14,980,608	(5%)	12,963,414	14,210,615	(9%)
Net premium revenue	14,678,438	14,400,292	2%	13,407,301	13,631,533	(2%)
Underwriting result	1,214,414	(4,954,288)	(125%)	1,123,985	(5,153,172)	(122%)
Investment income	3,250,306	1,802,713	80%	3,062,749	1,578,209	94%
Admin/Operating expenses	2,391,538	2,385,067	0.27%	1,498,653	1,715,380	(13%)
Profit(loss) before tax	3,361,861	(4,744,063)	(171%)	3,808,014	(4,596,819)	(183%)
Earnings per share	14.68	(24.00)	(161%)	17.18	(23.11)	(174%)

Critical performance measures and indicators

Gross Premium Written – The Group premium income reduced by 5% during the current year under review over previous year 2015. This is attributable to stiff operating environment

Net Premium Revenue – The net premium income increased by 2% when compared with previous year.

Underwriting Result – The Group result showed a positive amount of N1.2billion during the year against a result of N4.9billion loss in the previous year due to changes instituted by the Company to turnaround the position.

Investment Income – This improved by 80% as at 31st December 2016. This could be attributable to changes in investment decisions by the Group.

Operating Expenses – The operating expenses of the Group increased by 0.3% as at 31st December 2016 when compared with previous year 31st December 2015.

Profit Before Tax – The Group made a profit of N3.3billion as against N4.7billion loss in the previous year. This is as a result of changes introduced by the Company to change the position of the Company for the better.

ANUEBUNWA JUDE & CO.
(Audit, Tax, Financial and Management Consultancy) BN 2112660

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AFRICAN ALLIANCE INSURANCE PLC

We have audited the accompanying separate and consolidated financial statements of African Alliance Insurance Plc ('the company') and its subsidiaries (together 'the group'). These financial statements comprise the consolidated and separate statement of financial position as at 31 December 2016 and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the company and the group as at 31 December 2016 and of the financial performance and cash flows of the Company and Group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act 117 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 45 to this financial statement which indicates a shortfall in solvency margin of N2.607 Billion. This is below the minimum regulatory capital of 2 Billion required for life insurance business. The total admissible assets of the Company less the net insurance and investment contract liabilities was a deficit of 2.233 Billion as at 31 December 2016. These conditions indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independent requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

As stated in Note 44 (ii) to the financial statement, corrections were made to adjust beginning retained earnings and have been recorded as prior year adjustments.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
Valuation of insurance contract liabilities (note 18): The Group insurance contract liabilities represent 80% of total ppliabilities of N39.5 Billion. The measurement of these annuity reserves and life insurance contract liabilities involves the use of estimates and complex subjective judgements about future events, mortality, discount rates and expenses. The actuarial assumptions applied in estimating amounts for life insurance contracts and annuity reserves are judgemental and rely on the quality of the underlying data supplied by the management. This matter is considered a key audit matter in both the consolidated and separate financial statements.	Our audit procedures included, among others, discussing the risk assessment and audit strategy with management. We reviewed the procedures performed which includes: We reviewed the actuarial valuation methodology for compliance with IFRS 4 and whether the methodologies were consistent with those used in prior periods. We assessed the competence, independence and objectivity of the group's actuaries. We evaluated the effectiveness of key controls over claims and provision for outstanding claims, tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking to claims, underwriting and other data. We reviewed the appropriateness of the mortality assumptions used in the valuation of the annuity liabilities by reference to company and industry data on historical mortality experience and expectations of future mortality improvements. We concluded that the actuarial valuation of the insurance contract liabilities appeared appropriate based on our review of the data, assumptions and basis of estimates.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Information, Certification of the Company Secretary, Certification by the Actuary, Enterprise Risk Management Report, Certification pursuant to Section 60(2) of Investment and Securities Act, Management discussion and analysis, Director's Report, Statement of Director's Responsibilities, Report of the Audit and Compliance Committee, Five Year Financial Highlights, Value Added Statement, Revenue Account, Annuity Disclosures, Embedded Value Disclosure, Hypothecation (not including the consolidated and separate financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statement, our responsibility is to read the other information identified above 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 appears 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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council of Nigeria Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

Auditors responsibilities for the audit of the consolidated and separate financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 it 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 and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group'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 and separate 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 and separate financial statements, including the disclosures, and whether the consolidated and separate 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 directors 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 Directors 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 brought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal requirements

The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii. In our opinion proper books of account have been kept by the company so far as it appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.

iii. The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Jude Anuebunwa, FCA.
FRC/2012/ICAN/00000000121
For: Anuebunwa Jude & Co (Chartered Accountants)
Lagos, Nigeria

12 July 2017

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Summary of significant accounting policies
The following are the statement of significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.0 General Information

The financial statements of the company for the year ended 31December 2016 were authorised for issue in accordance with a resolution of the Directors on May 11, 2017. The company is a public limited company incorporated and domiciled in Nigeria. The Company was listed on the Nigerian Stock Exchange on 17 September 2009. The registered office is located at 112 Broad Street, Lagos Island.

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

2.0 Basis of preparation

(i) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to companies reporting under IFRS. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise of the consolidated statement of comprehensive in¬come, the consolidated statement of financial posi¬tion, the statements of changes in equity, the consol¬idated statement of cash flows and the notes.

Changes in accounting policy and disclosures

(a) New Standards and Amendments that will be effective for reporting period that begin 1 January 2016:

The following standards, interpretations and amendments effective from 1 January 2016 did not materially impact on the Company:

Amendments to IAS 1, "Presentation of financial statements" (annual periods beginning on or after 1 January 2016): This is designed to improve presentation in financial statements by clarifying:-

- The materiality requirements in IAS 1
- That specific line items in the statements of comprehensive income and OCI and the statement of financial position may be disaggregated
- That the entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to statement of comprehensive income.

The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI.

Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" (effective 1 January 2016): The amendment to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. This require to recognise in profit or loss the net proceeds from selling items produced while testing and related costs of producing these items.

The amendment to IAS 38 clarifies when a method of depreciation or amortisation based on revenue may be appropriate. It establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted when the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

■

Amendments to IAS 27, "Equity Method in Separate Financial Statements" (effective 1 January 2016): This amendment reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Each category of investments should be accounted for either at cost, in accordance IFRS 9/IAS39 or using the equity method as described in IAS 28.

Amendment to IFRS 11, "Accounting for Acquisition of Interests in Joint Operations" (effective 1 January 2016): This amendment provides new guidance on how to account for acquisition of an interest in a joint operation that constitutes a business.

IAS 19, "Defined Benefit Plans: Employee Contributions" The amendment clarifies that, if the amount of contributions from employees or third parties are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating to the periods of service.

■

Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment Entities: Applying the Consolidation exception "(effective 1 January 2016): These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale of or contribution of assets between an investor and its associates or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

■

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(a) *New standards, amendments and interpretations issued by the IASB which are not yet effective and not yet adopted by the Group as at 31 December 2016 are set out below:*

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2018) IFRS 9 introduces new requirements for the classification and measurement of financial assets, impairment methodology and hedge accounting.

■

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

IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2017):

This new standard replaces the existing IAS 18, 'Revenue' and establishes the principle that an entity shall; apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard's principle considers a five-step model framework which entails:
(1) Identifying the contract with a customer
(2) Identifying the performance obligations of the contract,
(3) Determine the transaction price,
(4) Allocating the transaction price to the performance obligations in the contract,
(5) Recognise revenue as the entity satisfies a performance obligation.

The group is considering the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

- IFRS 16, 'Leases' (effective 1 January 2018): This standard specifies how an IFRS Reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance.

- Amendments to IFRS 4 upon applying IFRS 9: IFRS 4 Insurance Contracts was amended to provide two options (temporary exemption and an overlay approach), for entities that issue insurance contracts within the scope of IFRS 4. This is to address issues arising from the different effective dates of IFRS 9 (Financial Instruments), and the upcoming new insurance contracts standards (IFRS 17).

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from IFRS 9 if it has not previously applied any version of IFRS 9 before and also apply if its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and OCI an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

There are no other IFRSs, amendments or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2016 or not yet effective that would be expected to have material impact on the Company.

The Company did not early adopt new or amended standards in 2016.

2.1 Basis of measurement

These financial statements are prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

In accordance with IFRS 4 Insurance contract, the company has applied existing accounting policies for insurance contracts and investment contracts. The financial statements for the life business have been accounted for on annual basis and the changes in fund determined by Actuarial Valuation.

2.2 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that period or both current and future periods.

2.3 Basis of Consolidation

I) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. The company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

The Company's subsidiaries are African Alliance Realty Company Limited, Axiom Air Limited and Frenchies Food Nigeria Limited. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The result of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal. Investment in the subsidiaries is stated at cost in the financial statements of the company.

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 the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity if any
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.

ii) Investments in associated company

An associate is an entity over which the company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried in the financial statements at cost

2.4 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in income statement.

2.5 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous GAAP amounts subject to being tested for impairment at that date.

2.7 Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in Naira, which is the functional currency of the parent, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the balance sheet date. All exchange gains and losses arising therefrom are included in the profit and loss account.

The results and financial position of foreign subsidiaries are translated as follows:

- Assets and liabilities for each balance sheet are translated at the closing rate as the date of that balance sheet;

- Income and expenditures balances are translated at the average exchange rates, except where such average rates are considered not representative of the prevailing conditions of such balances;
- Resultant exchange differences are classified as equity and recognised in the group's foreign currency exchange difference reserve on the balance sheet, as part of the shareholders' funds.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.8 Operating Segment

Operating segments are reported based on the internal reporting system provided by the chief operating decision maker who allocates resources and access the performance of operating segments.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.10 Financial Assets

Financial assets and financial liabilities are recognised in the statement of financial position and measured in accordance with their assigned category.

i) Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as; at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables' (L&R).

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

ii) Financial assets at FVTPL

Financial assets classified at FVTPL are where the financial asset is either held for trading or it is designated as at FVTPL at inception.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in statement of comprehensive income. The net gain or loss recognised in income incorporates any dividend or interest earned on the financial asset. The Company's investments in quoted equities are carried at fair-value-through-profit or loss.

iii) Held-to-maturity investments

Held-to-maturity investments are those with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity and are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iv) Available-for-sale financial assets

Available-for-sale financial assets include listed shares and redeemable notes that are traded in an active market and non- derivative financial assets that are either designated in this category or not classified as any other category and are stated at fair value.

They are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If the asset is determined to be impaired, cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. Interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale is recognised in the statement of comprehensive income.

Dividends on AFS equity instruments are recognised in comprehensive income when the company's right to receive the dividends is established. Investment in unquoted equities and managed funds are classified as available for sale.

v) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognised in the statement of comprehensive income.

With the exception of AFS equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

vii) De-recognition of financial assets

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

2.11.1 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described below.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

2.11.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

i) De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

ii) Fair value of financial instruments

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices. Financial assets in this category include listed equities, listed debt securities and mortgages. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs like NIBOR yield curve, FX rates and counterparty market development.

2.12 Trade Receivables

Trade receivables 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.

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 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.

Impairment 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 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 statement of comprehensive income.

2.13 Reinsurance Assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded life policy benefits. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the company will not be able to collect the amounts due from reinsurers.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

2.14 Deferred Acquisition Cost

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

2.15 Other Receivables

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

They are stated after deducting allowance made for specific debts considered doubtful of recovery. Other receivables are reviewed at every reporting period for impairment.

***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 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.

Impairment 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 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 and loss.

2.16 Investment in Subsidiaries

Investments in subsidiaries are carried in the Company'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.
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

2.17 Investment in Associates

Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profit or losses resulting in the associate transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the share of profit of an associate in the income statement. Upon loss of significant influence over the associate, Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount and fair value and proceeds from disposal is recognised in the income statement.

2.18 Investment properties

Property held for long-term rental yields that is not occupied by the company is classified as investment property. Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the 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 developed for continuing use as investment property, or for which the market has become less active, continues to be measured at cost.

Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the company. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.
If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property and surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.19 Deferred Tax Assets

Deferred tax asset is the tax expected to be recoverable on differences between the carrying amounts of liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.20 Intangible assets

Computer software

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

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

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

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

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

Computer software is amortised on a straight-line basis over its estimated useful life of 5 years.

2.21 Property, plant and equipment

Land and Buildings are owner occupied offices. Land is shown at cost. The buildings are shown at fair value on a periodic basis by an Independent Valuer.

Motor vehicles, Computer equipment, Office equipment, furniture & fittings are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. All repairs and maintenance are charged to the income statement in the period incurred.

Land is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%
Vehicles	25%
Furniture & fittings	10%
Computer equipment	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

2.22 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.

3.0 Insurance and investment contracts

The company 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 company 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.

IFRS 4 permits the continued use of previously applied GAAP.

i)Life insurance contracts
These contracts insure events associated with human life (for example, death or survival) over a long duration. The financial statements for life insurance contract have been prepared on annual accounting basis and the changes in fund determined by Actuarial Valuation.

ii) Annuity
Annuity is a series of payment at fixed intervals, guaranteed for a fixed number of years or the life time of the recipients, in consideration of a stipulated premium paid either as instalment or in

a single payment. Annuity premium is recognised as insurance contracts and ther efor form part of gross premium income for the year.

Annuity funds are invested in government securities, money markets investments, quoted and unquoted equities, real estate and corporate bond.

Annuity valuations are based on discounted cash flow method. Liability adequacy test is carried out in accordance with IFRS 4 which 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:

a) 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.

b) If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss"

iii) Liability adequacy

At each reporting date, the company performs a liability adequacy test on its insurance contract liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying amount of insurance liabilities is adequate using current estimates of future cash flows. Any deficiency is charged as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability.

iv) Investment Contracts Liability

Funds received from clients under the deposit administration scheme and investment link fund are recognized as liabilities and held strictly for investment purpose in the financial statements. Guaranteed interest payable on the fund is credited to the investment contract liability account annually at predetermined rates agreed mutually with the respective clients and charged to the profit and loss account while interest earned on the investments are credited to the account

3.1 (i) Actuarial valuation of life fund

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

Actuarial valuation of life fund is carried out on a yearly basis for purpose of determining the surplus/deficit at the end of each year. Deficit arising therefrom is charged to the Profit and loss account wholly while a maximum of 40% of the surplus is appropriated to the shareholders and credited to the income statement or as otherwise advised by the actuaries.

3.1 (ii) General Reserve

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

3.1 (iii). Hypothetication of investment:

In line with the provisions of Section 25 of the Insurance Act 2003, adequate investment is allocated to Policy holders fund in order of liquidity. These investments are held as back up to cover the Insurance Contract Liability Funds at each point in time

3.2 Borrowing and Borrowing cost

i). Borrowings are recognised initially at fair value, net of transaction costs incurred.

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

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

ii). Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to income as incurred. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

3.3a. Trade Payables

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

3.3b. Other Payables

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

i) Restructuring costs and legal claims

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

ii) Insurance-related assessments or guarantee-fund levies

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

3.4 Employee benefit liability

i) Defined Contribution Plan

The Company operates contributory pension plan for eligible staff. The matching contribution of 7.5% each by staff and the Company are based on current staff salaries as required by the Pension Reform Act 2004.

ii) Defined Benefit Plan

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the financial statement represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

3.5.1. Income Tax Liabilities

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.

Current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period.

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

3.5.2. Deferred Tax Liabilities

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

Deferred tax is the tax expected to be payable on differences between the carrying amounts of assets in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

4.0 Share Capital

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

4.0.1. Dividends

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

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

4.0.2. Earnings per share

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

4.1 Share Premium

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

4.2 *Contingency Reserve*

Contingency reserve is calculated at the higher of 1% of total premium receivable during the year or 10% of net profits (whichever is greater) in accordance with Section 24(2) (iii) of the Insurance Act CAP I17 LFN 2004. The additional contingency reserve required in any year is allocated to the different revenue reserve on the basis of premiums written.

4.3 Retained Earnings

The retained earnings are made up of undistributed profit/ (loss) of the Company. It is classified as part of equity of the company in the statement of financial position.

4.4 Revaluation Reserves

The revaluation reserve comprises the cumulative net change in the fair value of the Group's property, plant and equipment. This is shown in the statement of financial position as part of the equity. An increase is credited directly to other comprehensive income. A reversal of an increase previously taken to other comprehensive income is debited to other comprehensive income. A decrease is recognised in income statement to the extent that it reverses the previous loss.

5.0 Contingent liabilities

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

5.1 Revenue recognition

I) ***Gross premium earned***

Premium income is stated on cash basis. Gross premium is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover.

Written premiums for life insurance contracts and investment contracts with discretionary participating features, are recognised as income when due from the policyholder. Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.

Amounts collected as premiums from investment contracts with no discretionary participating features are reported as deposits in the balance sheet as an investment contract liability.

ii) Fee and commission income

Fee and commission income consists primarily of investment contract fee income, reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees. Front end fees on investment contracts with no discretionary participating features are recognised as income when investment management services are rendered over the estimated life of the contracts. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

iii) Investment income

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis. Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

iv) Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

v) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

vi) Rental Income

Rental income is recognised on an accruals basis.

vii) Realised gains and losses

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

viii) Unrealised gains and losses

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

5.2 *Reinsurance*

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

5.3 Claim Expenses

Claim expenses consist of benefits and claims paid to policyholders. Death claims and surrender claims are recognised upon notification. Maturities and annuities are recognised when due. All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

5.4.1. Underwriting expenses

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts'. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortized in proportion to the amount of premium determined separately for matching concept.

Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred. They are those incurred in servicing existing policies/contracts.

5.4.2. Deferred Acquisition Costs

The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period.

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

5.4.3. Impairments

(i) Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there are assets carried at amortised cost, impairment loss is measured and the carrying amount of the asset is reduced and the loss recognised in the Statement of comprehensive income. If in subsequent year, the amount of the estimated impairment increases or decreases, the previously recognised impairment loss is adjusted. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the statement of comprehensive income.

For available-for-sale financial assets, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

(ii) Non-Financial Assets

Assets 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 assets' carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

5.4.4. Other operating expenses

These are management expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are accounted for on accrual bases and recognised in the statement of comprehensive income upon utilisation of the services or at the date of their origin


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AFRICAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2016

		GROUP		COMPANY	
	NOTES	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Assets		N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6	6,423,424	3,801,053	6,359,790	3,771,636
Financial Assets	7	24,076,158	18,910,682	23,584,249	18,529,386
Trade Receivables	8	170,660	59,962	-	-
Reinsurance Assets	9	76,772	34,339	76,772	34,339
Deferred Acquisition Cost	10	15,717	7,392	15,717	7,392
Other Receivables	11	506,884	887,084	739,536	1,142,935
Investment in subsidiaries	12	-	-	1,498,999	1,357,558
Investment in Associates	13	1,562,131	1,455,120	1,562,441	1,455,430
Investment Properties	14	7,627,590	6,900,430	6,616,999	6,058,586
Deferred Tax Assets	27	26,247	29,141	24,551	24,551
Intangible Asset	15	58,433	65,792	28,023	33,636
Property Plant and Equipment	16	4,474,022	4,496,135	647,313	662,964
Statutory Deposits	17	313,407	224,211	200,000	200,000
Total Assets		45,331,445	36,871,341	41,354,390	33,278,414
Liabilities					
Insurance Contract Liabilities	18	31,634,602	26,683,090	30,104,525	25,774,605
Investment Contracts Liabilities	19	4,819,629	4,408,274	5,411,398	4,408,273
Borrowings	22	68,218	25,564	-	-
Trade Payable	23	1,183,351	1,594,059	923,974	1,413,614
Other payables	24	527,249	478,637	291,182	275,967
Employee Benefit Liability	25	70,736	83,570	39,624	52,458
Income Tax liabilities	26	359,112	289,540	285,240	224,970
Deferred tax liabilities	27	923,562	680,865	695,696	515,418
Total Liabilities		39,586,459	34,243,599	37,751,639	32,665,307
Equity					
Issued and paid Share capital	28 (i)	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	28 (ii)	14,365,133	14,365,133	14,365,133	14,365,133
Contigency Reserves	28 (iii)	834,464	467,772	776,326	422,588
Retained earnings	28 (iv)	(22,634,734)	(24,697,717)	(22,149,513)	(24,741,391)
Revaluation Reserves	28 (v)	2,457,317	2,281,904	318,305	274,277
Translation Reserve	28 (vi)	430,305	(81,850)	-	-
Shareholders funds		5,744,986	2,627,742	3,602,751	613,107
Total liabilities & Reserves		45,331,445	36,871,341	41,354,390	33,278,414

Signed on behalf of the Board of Directors on 7th June, 2017

Mrs. Olabisi Adekola	Mr. Alphonse O. Okpor	Mrs. Oluwafunmilayo Omo
FRC/2013/ICAN/00000001179	FRC/2013/CIIN/00000003868	FRC/2014/CIIN/00000008645
Chief Finance Officer	Chief Executive Officer	Director

Statements of Comprehensive Income
For the year ended 31 December 2016

	Notes	GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
		N'000	N'000	N'000	N'000
Gross Premium written		14,258,800	14,980,608	12,963,414	14,210,615
Gross Premium Income	30	14,713,600	14,442,436	13,418,213	13,672,443
Reinsurance Expense	31	(35,162)	(42,144)	(10,913)	(40,910)
Net Premium Income		14,678,438	14,400,292	13,407,301	13,631,533
Fees and Commission income	32	13,345	12,368	13,345	12,368
NET UNDERWRITING INCOME		14,691,782	14,412,660	13,420,645	13,643,901
Claims expenses	33	(7,271,191)	(5,088,827)	(6,567,454)	(4,775,350)
Reinsurance claims	33 (iii)	9,455	6,574	9,455	6,574
Net claims expenses		(7,261,735)	(5,082,253)	(6,557,998)	(4,768,776)
Changes in contract liabilities	33 (iv)	(5,146,264)	(13,067,701)	(4,786,979)	(12,910,422)
		(12,408,000)	(18,149,954)	(11,344,977)	(17,679,198)
Underwriting Expenses					
Acquisition Expenses	33 (v)	(323,189)	(372,598)	(213,704)	(273,479)
Maintenance expenses	33 (v)	(746,180)	(844,396)	(737,979)	(844,396)
Total underwriting expenses		(1,069,369)	(1,216,995)	(951,683)	(1,117,875)
Underwriting Profit/(Loss)		1,214,414	(4,954,288)	1,123,985	(5,153,172)
Investment income	34(i)	3,215,002	1,760,564	3,067,525	1,654,815
Profit on investment contract	34(ii)	(103,735)	(199,379)	(103,735)	(199,379)
Other operating income	34(iii)	139,038	241,527	98,959	122,772
Total Investment income		3,250,306	1,802,713	3,062,749	1,578,209
Impairment (charges)/writeback	36	90,821	51,625	90,821	51,625
Net fair value gain/(loss) on financial assets at fair value through profit or loss	37	(12,098)	(20,635)	(12,098)	(20,635)
Fair value gain/(loss) on investment properties	37	725,646	279,890	556,900	180,834
Net Operating Income		4,054,675	2,113,593	3,698,371	1,790,033
Share of profit of equity accounted investee	35	484,311	481,699	484,311	481,699
		4,538,986	2,595,292	4,182,682	2,271,732
Administrative Expense	38	(925,858)	(1,052,552)	(586,441)	(802,905)
Other operating Expenses	39	(1,465,680)	(1,332,516)	(912,212)	(912,474)
Total Expenses		(2,391,538)	(2,385,067)	(1,498,653)	(1,715,380)
Result of operating activities		3,361,861	(4,744,063)	3,808,015	(4,596,819)
Interest Expense	39	-	-	-	-
Profit or (Loss) before Taxation		3,361,861	(4,744,063)	3,808,015	(4,596,819)
Income Tax Expense/Credit	40	(340,417)	(197,236)	(270,628)	(160,520)
Profit or (Loss) after Taxation		3,021,445	(4,941,299)	3,537,386	(4,757,340)
Profit attributable to:					
Equity holders of the Company		3,021,445	(4,941,299)	3,537,386	(4,757,340)
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		3,021,445	(4,941,299)	3,537,386	(4,757,340)
Other Comprehensive income					
Items within OCI that will not be reclassified to the profit or loss;					
PPE revaluation gains	28(v)	175,413	93,592	44,027	38,582
FX translation gain/(loss)	28(vi)	512,155	(32,151)	-	-
Other comprehensive income for the period		687,568	61,441	44,027	38,582
Total comprehensive income		3,709,013	(4,879,858)	3,581,414	(4,718,758)
Total comprehensive income attributable to:					
Equity holders of the company		3,709,013	(4,879,858)	3,581,414	(4,718,758)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		3,709,013	(4,879,858)	3,581,414	(4,718,758)
Earnings per share-basic	41	14.68	(24.00)	17.18	(23.11)

Statements of Changes in Equity (GROUP)

for the year ended 31 December 2016

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Translation reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2016	10,292,500	14,365,133	2,281,904	467,772	(81,850)	(24,697,716)	2,627,742
Prior year adjustment						(591,769)	(591,769)
	10,292,500	14,365,133	2,281,904	467,772	(81,850)	(25,289,486)	2,035,973
Total comprehensive income for the period							
Profit or loss						3,021,445	3,021,445
Other comprehensive income							
Transfer to contingency reserve	-	-	-	366,692	-	(366,692)	-
Gain on the revaluation of land and buildings			175,413		-		175,413
FX translation gain/(loss)					512,155		512,155
Other comprehensive income for the period	-	-	175,413	366,692	512,155	(366,692)	687,568
Total comprehesive income for the period	-	-	175,413	366,692	512,155	2,654,752	3,709,013
Balance at 31 December 2016	**10,292,500**	**14,365,133**	**2,457,317**	**834,464**	**430,305**	**(22,634,734)**	**5,744,986**
Balance at 1 January 2015	10,292,500	14,365,133	2,188,312	317,966	(49,699)	(19,606,611)	7,507,600
Profit or loss						(4,941,299)	(4,941,299)
Other comprehensive income							
Transfer to contingency reserve	-	-	-	149,806	-	(149,806)	-
Gain on the revaluation of land and buildings			93,592		-	-	93,592
							-
FX translation gain/(loss)					(32,151)		(32,151)
Other comprehensive income for the period	-	-	93,592	149,806	(32,151)	(149,806)	61,441
Total comprehesive income for the period	-	-	93,592	149,806	(32,151)	(5,091,105)	(4,879,858)
Balance at 31 December 2015	**10,292,500**	**14,365,133**	**2,281,904**	**467,772**	**(81,850)**	**(24,697,716)**	**2,627,742**

Statements of Changes in Equity (COMPANY)

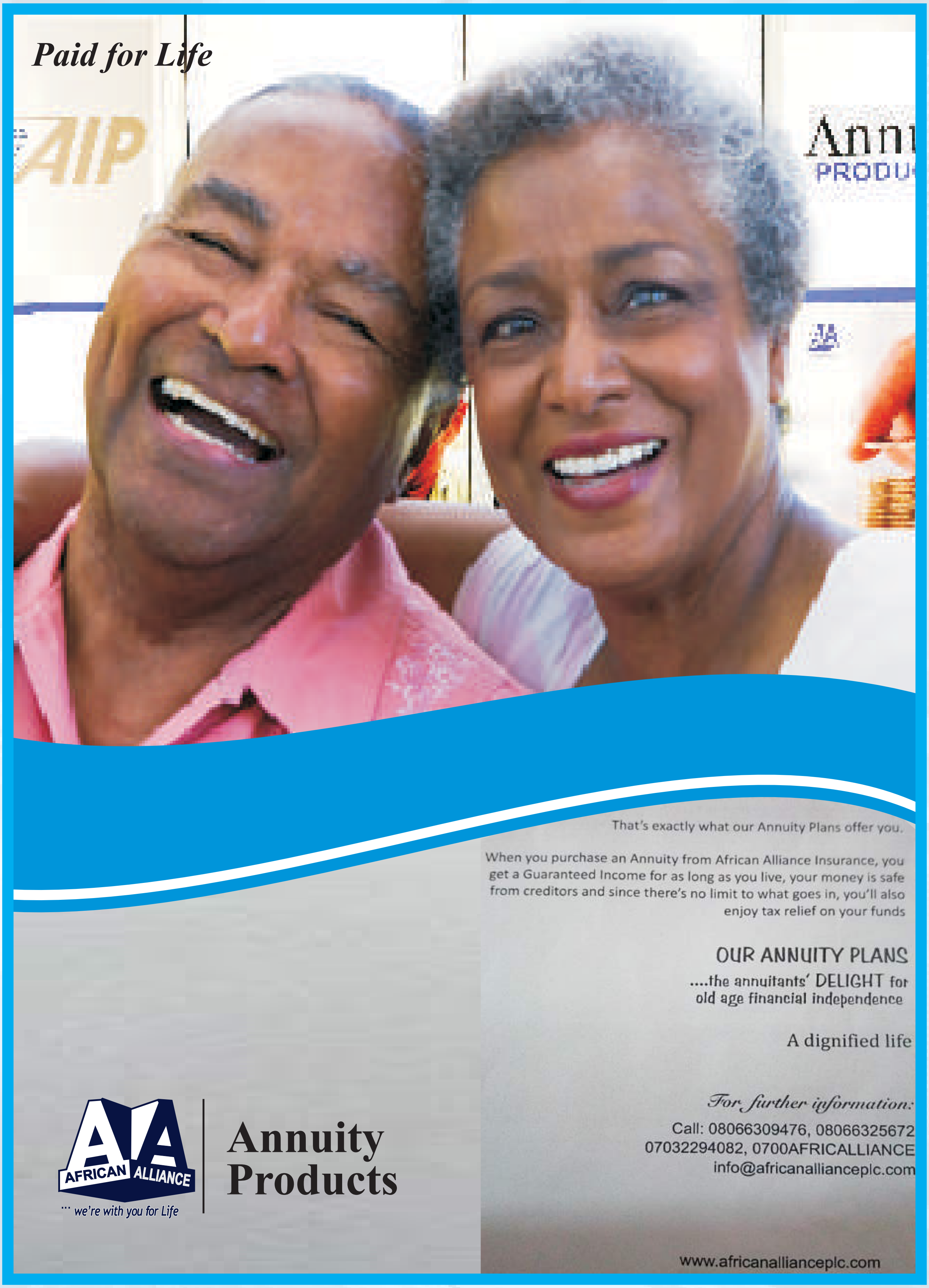
for the year ended 31 December 2016

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2016	10,292,500	14,365,133	274,277	422,588	(24,741,391)	613,107
Prior year adjustment					(591,769)	(591,769)
	10,292,500	14,365,133	274,277	422,588	(25,333,160)	21,338
Total comprehensive income for the period						
Profit or loss					3,537,386	3,537,386
Other comprehensive income						-
Transfer to contingency reserve	-	-	-	353,739	(353,739)	-
Gain on the revaluation of land and buildings			44,027			44,027
Other comprehensive income for the period	-	-	44,027	353,739	(353,739)	44,027
Total comprehesive income for the period	-	-	44,027	353,739	3,183,648	3,581,414
Balance at 31 December 2016	10,292,500	14,365,133	318,305	776,326	(22,149,513)	3,602,751
Balance at 1 January 2015	10,292,500	14,365,133	235,695	280,482	(19,841,945)	5,331,865
Profit or loss					(4,757,340)	(4,757,340)
Other comprehensive income						-
Transfer to contingency reserve	-	-	-	142,106	(142,106)	-
Gain on the revaluation of land and buildings			38,582			38,582
Other comprehensive income for the period	-	-	38,582	142,106	(142,106)	38,582
Total comprehesive income for the period	-	-	38,582	142,106	(4,899,446)	(4,718,758)
Balance at 31 December 2015	**10,292,500**	**14,365,133**	**274,277**	**422,588**	**(24,741,391)**	**613,107**

Statement Of Cash Flows

For the year ended 31 December 2016

	Notes	GROUP 31-Dec-2016 N'000	GROUP 31-Dec-2015 N'000	COMPANY 31-Dec-2016 N'000	COMPANY 31-Dec-2015 N'000
Cash flows from operating activities					
Insurance premium received from policy holders,Brokers & Agents,Cedants	30	14,258,800	14,980,608	12,963,414	14,210,615
Commission received	32	13,345	12,368	13,345	12,368
Reinsurance receipts in respect of claims	33	9,455	6,574	9,455	6,574
Reinsurance premium paid	31	(35,162)	(42,144)	(10,913)	(40,910)
Other operating cash payments		(2,216,730)	(2,417,154)	(1,600,752)	(1,813,256)
Insurance benefits and Claims paid	33	(7,272,335)	(5,088,827)	(6,569,737)	(4,775,350)
Investment Contracts Receipts	19	889,784	1,900,481	889,784	1,900,481
Investment Contracts Benefits paid	19	(597,962)	(2,146,654)	(597,962)	(2,146,654)
Payments to intermediaries to acquire insurance and investment contracts	33	(1,069,369)	(1,216,994)	(951,683)	(1,117,875)
Interest Received	34	3,217,552	1,758,394	3,070,074	1,652,645
Dividend Income Received	34	13,250	10,976	13,250	10,976
Cash generated from operations		7,210,628	7,757,628	7,228,274	7,899,614
Company Income Tax paid	26	(30,080)	(18,795)	(30,080)	(18,795)
Net cash provided by operating activities		7,180,548	7,738,833	7,198,194	7,880,819
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	16	(76,101)	(114,425)	(34,563)	(76,743)
Proceeds from sale of property, plant and equipment	16	2,858	36,366	2,858	35,060
Purchase of investments	7	(156,338)	(537,786)	(141,441)	(596,626)
Purchase of investment property	14	(1,514)	(9,564)	(1,514)	(9,564)
Purchase of financial assets		(4,532,093)	(5,987,094)	(4,532,093)	(5,982,050)
Investment incomes and other receipts	34	139,038	241,527	98,959	122,772
Purchase of intangible assets	15	(2,246)	(26,763)	(2,246)	(11,648)
Net Cash provided by investing activities		(4,626,396)	(6,397,738)	(4,610,041)	(6,518,798)
Cash Flows from Financing Activities					
Proceeds from borrowings	22	68,218	25,564	-	0
Net cash provided by financing activities		68,218	25,564	-	0
Net Increase/(decrease) in cash and cash equivalent					
Cash and Cash equivalent at the beginning	6	3,801,053	2,434,395	3,771,636	2,409,614
Net increase/decrease in cash and cash equivalents		2,622,371	1,366,658	2,588,154	1,362,022
Cash and Cash equivalent at the end of period		6,423,424	3,801,053	6,359,790	3,771,636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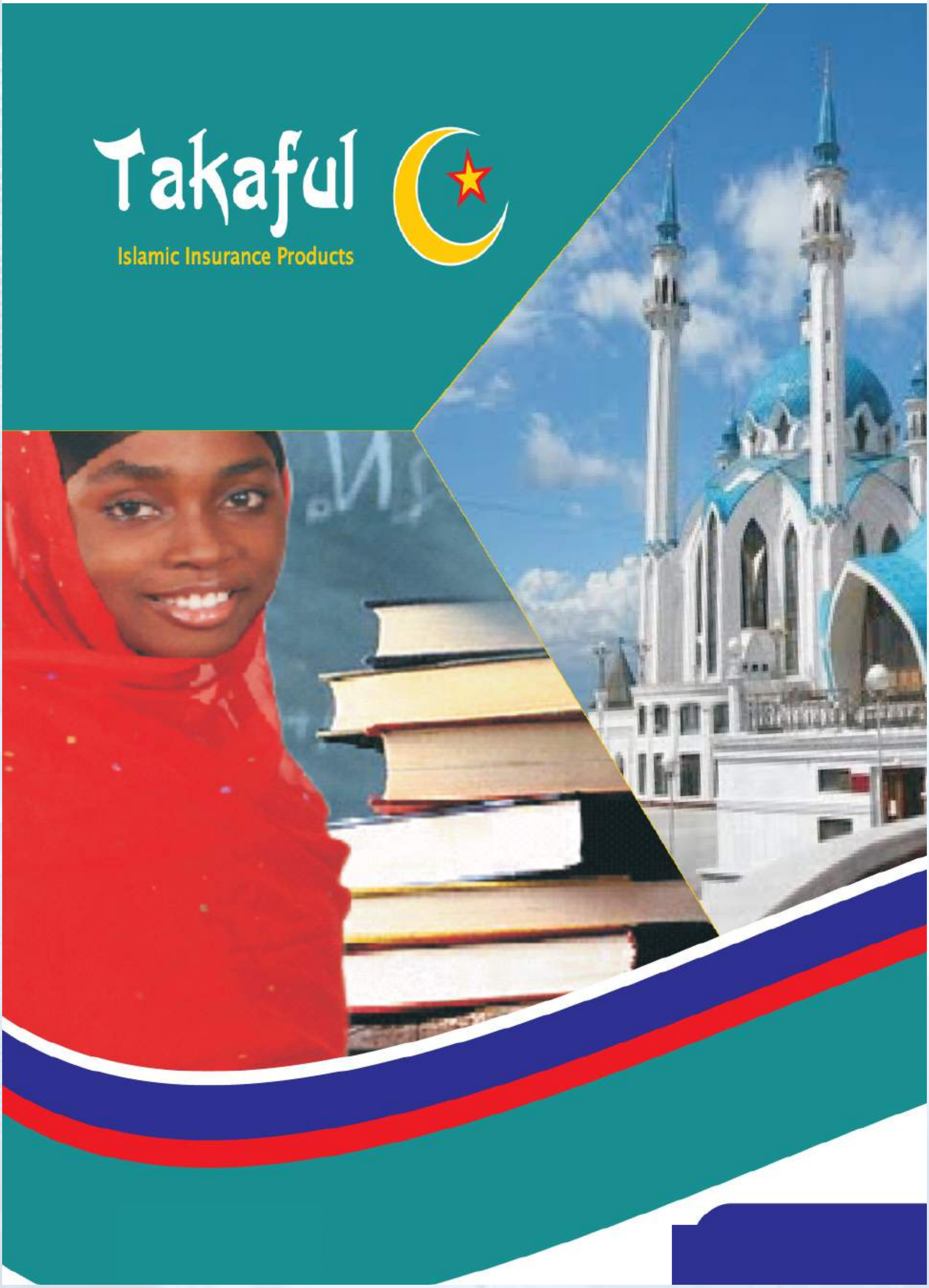
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Notes to the financial statements
For the period ended 31 December 2016

1 General Information:

The financial statements of the company for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on May 11, 2017. The company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 112 Broad Street, Marina, Lagos.

The group is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

2 Summary of significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 27 - 48. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 Critical accounting estimates and judgements:

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the 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.

3. (i) Fair value of financial assets:

Available-for-sale financial assets are deemed to be impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates the normal volatility in share price, the financial health of the investee industry and sector performance, technological changes and cashflow among other factors.

The fair value of financial instruments where no active market exists or where quoted prices are not available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data derived for that instrument and valued in the case of the group, by applying the rulling exchange rate at close of business.

3. (ii) Liabilities arising from insurance contract:

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported (IBNR) are determined using statistical analyses. The group believes that the reserves are adequate for the period.

3. (iii) Impairment or receivables:

In accordance with the accounting policy stated in Note 2.12, the group tests annually whether premium receivables have suffered any impairment on individual bases. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations require the use of estimates.

4. Insurance and Financial management:

4 a. Financial risk management

The company monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

4 b. Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risks arises due to flunctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

4 c. Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements

Interest rate risk exposures from guarantees embedded in insurance liabilities. The company's insurance contracts and investment contracts with DPF have certain options and guarantees that transfer interest rate risk to the company. These are:-

Options to surrender the insurance contract or the investment contract with DPF where the surrender value (i.e. the strike price of the option) is either a fixed amount or a fixed amount plus interest depending on the year in which the contract was issued;

Guaranteed annuity options where the company has guaranteed at the inception of certain contracts that it will be paying a life annuity to the surviving policyholders at their retirement dates which will be calculated using the higher of the current annuity rate at that date or the guaranteed annuity rate set in the contract. The guaranteed rate has fixed at inception both the level of mortality risk and the interest rate that will be used to calculate the annuity payments.

4 d. Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The areas of exposure to credit risk for the company are in relation to loans on policyholders and intermediaries

The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

The following shows the carrying value of assets that are neither past due nor impaired, past due but not impaired and assets that have been impaired for loans and receivables

		31-Dec-2016	31-Dec-2015
		N'000	N'000
Neither past due nor impaired		2,471	1,919
past due but not impaired		31,880	-
impaired		79,024	85,092

4 e. Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirements. The company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The company is exposed to liquidity risk arising from clients on its insurance and investment contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. The company's assets contain marketable securities which could be converted into cash when required.

The following table shows details of the expected maturity profile of the company's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and participating investment contract liabilities.

		Maturity profile				
31 December 2016	**Carrying amount**	**< 3 months**	**3-6 months**	**6- 12 months**	**1- 5 years**	**> 5 years**
Assets:						
Cash and Cash equivalents	6,359,790	1,780,741	1,399,154	953,968	1,017,566	1,208,360
Financial assets	23,457,027	6,567,968	5,160,546	3,518,554	3,753,124	4,456,835
Reinsurance assets	76,772	-	-	76,772	-	-
Trade and other receivables	739,536	207,070	162,698	110,930	118,326	140,512
Loans and receivables	127,222	35,622	27,989	19,083	20,356	24,172
Total Assets	30,760,347	8,591,401	6,750,386	4,679,308	4,909,372	5,829,879
Liabilities		-	-	-	-	-
Trade and other payables	1,215,156	340,244	267,334	182,273	194,425	230,880
Borrowings	-	-	-	-	-	-
Investment contract liability	5,411,398	1,515,192	1,190,508	811,710	865,824	1,028,166
Insurance contract liability	30,104,525	8,429,267	6,622,995	4,515,679	4,816,724	5,719,860
Total liabilities	36,731,079	10,284,702	8,080,837	5,509,662	5,876,973	6,978,905
liquidity gap	(5,970,732)	(1,693,301)	(1,330,451)	(830,353)	(967,601)	(1,149,026)

		Maturity profile				
31 December 2015	**Carrying amount**	**< 3 months**	**3-6 months**	**6- 12 months**	**1- 5 years**	**> 5 years**
Assets:						
Cash and Cash equivalents	3,771,636	1,056,058	829,760	565,745	603,462	716,611
Financial assets	18,434,044	5,161,532	4,055,490	2,765,107	2,949,447	3,502,468
Reinsurance assets	34,339	-	-	34,339	-	-
Trade and other receivables	1,142,935	320,022	251,446	171,440	182,870	217,158
Loans and receivables	95,342	26,696	20,975	14,301	15,255	18,115
Total Assets	23,478,297	6,564,308	5,157,671	3,550,933	3,751,033	4,454,352
Liabilities		-	-	-	-	-
Trade and other payables	1,689,581	473,083	371,708	253,437	270,333	321,020
Borrowings	-	-	-	-	-	-
Investment contract liability	4,408,273	1,234,317	969,820	661,241	705,324	837,572
Insurance contract liability	25,774,605	7,216,890	5,670,413	3,866,191	4,123,937	4,897,175
Total liabilities	31,872,460	8,924,289	7,011,941	4,780,869	5,099,594	6,055,767
liquidity gap	(8,394,164)	(2,359,981)	(1,854,271)	(1,229,936)	(1,348,560)	(1,601,416)

Although the company has access to financing facilities, the company also expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

4 f. Insurance Risks management

The company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework.
Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

The company writes life, pensions and annuities business with or without discretionary participating features. The most significant risks arise from mortality, persistency, longevity, morbidity, expense variations and investment returns. Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk. The concentration of life insurance and investment contracts with DPF by type of contract is summarised below by reference
to liabilities.

	Gross		Reinsurance	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
	N'000	N'000	N'000	N'000
Individual life	10,202,956	9,283,005	1,990	262
Group life	200,345,889	126,866,213	51,356	49,118
Annuities	4,229,730	2,886,536	-	-

4 g. Capital Management

The company manages its capital to ensure that the company will be able to continue as going concern and comply with the regulators' capital requirements while maximising the return to stakeholders through the optimsation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Management uses regulatory capital ratios to monitor its capital base. Capital is allocated between specific operations and activities and to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of caiptal allocated to each activity is based primarily on the regulatory capital. In some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations or activities is undertaken independently of those responsible for the operation by a committee.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The regulator measures the financial strength of insurance companies using the capital adequacy requirements for the category of company. This test compares insurer's capital against the risk profile.

As computed in note 21, the total admissible assets of the Company less the net insurance and investment contract liabilities is a deficit of ₦2.233 Billion. The shareholders fund is ₦3.602 Million. The company also recorded a negative Solvency Margin of ₦2.607 Billion. This is below the minimum regulatory capital of ₦2 Billion required by the National Insurance Commission (NAICOM) for life insurance business. These constitute non-compliance with the regulatory capital requirements. The continuation of the Company's operation is dependent on the ability to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligation as they fall due

.

The Board of directors, acting on this, met on 2nd March 2017 and approved the company's action plan to reverse its deficit and thereby improve solvency margin. The consequencies of non-compliance and efforts being made by the company to ensure compliance are detailed in note 45.

The minimum capital required is compared with the equity maintained during the period in the table bellow:

		31-Dec-2016	31-Dec-2015
		N'000	N'000
Shareholders' equity		3,602,751	613,107
Capital requirement on regulatory basis		2,000,000	2,000,000
Shortfall in Solvency Margin		(2,607,673)	(5,727,214)
Shortfall in Asset cover for contract liabilities		(2,233,113)	(4,817,932)

4 h. Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged between willing partners in an arms length transaction. The three levels of fair value measurement are as follows:

Level 1 - This includes exchange-traded prices of fixed maturities and equity instruments in an active market.

Level 2 - This includes instruments measured using quoted market prices in an active market or quoted market prices for similar instruments in a market considered to be less active or other valuation techniques where observable inputs from market can be applied.

Leve 3- This includes instruments that are valued using unobservable inputs. Unobservable inputs are those not readily available in an active market and instruments here are determined using historical observations or inputs of similar nature.

The table below shows the fair value hierarchy of financial instruments measured at fair value as at 31st December 2016:

Assets - Group	Level1	Level 2	Level 3	Total
Equity Instruments - At FVTPL	2,109,686			2,109,686
Equity Instruments - Available for sale			708,914	708,914

Assets - Company	Level1	Level 2	Level 3	Total
Equity Instruments - At fair value through profit or loss	2,109,686			2,109,686
Equity Instruments - Available for sale			217,005	217,005

5	Segment Information:					
	By business segment:	Life Insurance	Catering	Air Freight	2016 Total	2015 Total
		N'000	N'000	N'000	N'000	N'000
	Gross income	14,713,600			14,713,600	14,442,436
	Reinsurance Expenses	(35,162)	-		(35,162)	(42,144)
	Net premium income	14,678,438	-	-	14,678,438	14,400,292
	Fee and commission income	13,345			13,345	12,368
	Investment income	3,111,268	-	-	3,111,268	1,561,185
	Net fair value gain/(loss) on financial assets at fair value through profit or loss	(12,098)			(12,098)	(20,635)
	Fair value gain/(lossa) on investment properties	725,646			725,646	279,890
	Revaluation surplus on PPE	175,413			175,413	93,592
	FX translation gain/(loss)	512,155			512,155	(32,151)
	Other operating income	611,928	9,730	1,691	623,349	723,226
	Net income	19,816,094	9,730	1,691	19,827,515	17,017,768
	Insurance benefits and claims	(7,271,191)			(7,271,191)	(5,088,827)
	Insurance claims recovered from re-insurer	9,455			9,455	6,574
	Change in contract liabilities	(5,146,264)			(5,146,264)	(13,067,701)
	Net insurance benefits and claims	(12,408,000)	-	-	(12,408,000)	(18,149,954)
	Maintenance expenses	(323,189)			(323,189)	(372,598)
	Other underwriting expenses	(746,180)			(746,180)	(844,396)
	Administrative expenses	(902,960)	(19,898)	(3,000)	(925,858)	(1,052,552)
	Other operating expenses	(1,232,890)	(4,582)	(228,208)	(1,465,680)	(1,332,516)
	Impairment charges	90,821			90,821	51,625
	Interest expense	-		-	-	-
	Net expenses	(15,522,397)	(24,480)	(231,208)	(15,778,085)	(21,700,390)
	Reportable segment profit before tax	4,293,696	(14,750)	(229,517)	4,049,429	(4,682,622)
	Income tax expenses	(335,942)	(1,457)	(3,018)	(340,417)	(197,236)
	Reportable Profit after tax	3,957,755	(16,207)	(232,535)	3,709,013	(4,879,858)

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

6	Cash and Cash Equivalents	GROUP			COMPANY	
		31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
	This comprises of:	N'000	N'000		N'000	N'000
	Cash and Bank Balances	1,389,947	1,054,474		1,326,313	1,025,057
	Placement with Banks	5,033,477	2,746,579		5,033,477	2,746,579
	Total	6,423,424	3,801,053		6,359,790	3,771,636

7	Financial asset						
	This comprises of:						
	At fair value through profit or loss (note 7a)	2,109,686	2,121,784		2,109,686	2,121,784	
	Available for sale (note 7b)	708,914	571,261		217,005	189,965	
	Held to maturity (note 7c)	21,130,335	16,122,294		21,130,335	16,122,294	
	Loans and receivables (note 7d)	127,222	95,342		127,222	95,342	
	Financial assets	24,076,158	18,910,682		23,584,249	18,529,386	
	Current	23,349,123	18,329,300		23,357,123	18,329,301	
	Non-current	719,034	581,382		227,126	200,085	
7 (a)	Financial assets at fair value through profit or loss						
	Quoted Equity securities						
	Balance beginning of year	9,938,049	9,941,906		9,938,049	9,941,906	
	Additions	-	1,460		-	1,460	
	Disposal	-	(5,317)		-	(5,317)	
		9,938,049	9,938,049		9,938,049	9,938,049	
	impairment (i)	(7,828,363)	(7,816,265)		(7,828,363)	(7,816,265)	
	Total financial assets at fair value through profit or loss	2,109,686	2,121,784		2,109,686	2,121,784	(12,098)
	Current	2,109,686	2,121,784		2,109,686	2,121,784	
	Non-current	-	-			-	

		GROUP			COMPANY	
		31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
		N'000	N'000		N'000	N'000
(i)	The movement in impairment charge is as follow:					
	Balance beginning of year	7,816,264	7,795,630		7,816,264	7,795,630
	Impairment written off/(write back)	12,098	20,635		12,098	20,635
	Balance at period end	7,828,363	7,816,265		7,828,363	7,816,265
7 (b)	Available-for-sale financial assets					
	Equity securities					
	-Listed		-		-	-
	-Unlisted					
	Balance beginning of year	1,437,381	1,234,077		1,404,145	1,213,604
	Additions	14,656	7,963		-	-
	Reclassifications	-	190,540		-	190,540
	Disposal	-	-		-	-
		1,452,037	1,432,580		1,404,145	1,404,144
	Provision for impairment (i)	(1,187,139)	(1,214,179)		(1,187,139)	(1,214,179)
	Total Equity securities	264,898	218,401		217,005	189,965
	Debt securities					
	-Listed	1,787	1,787		1,787	1,787
	-Unlisted	444,016	352,860		-	-
	Provision for impairment	(1,787)	(1,787)		(1,787)	(1,787)
	Total Debt securities	444,016	352,860		-	-
	Total available-for-sale financial assets	708,914	571,261		217,005	189,965
	Current	-	-		-	-
	Non-current	708.914	571.261		217.005	189.965
(i)	The movement in impairment charge is as follow:					
	Balance beginning of year	1,214,179	1,098,804		1,214,179	1,098,804
	Impairment written off/(write back)	(27,040)	(59,625)		(27,040)	(59,625)
	Reclassification	-	175,000		-	175,000
	Balance at period end	1,187,139	1,214,179		1,187,139	1,214,179
7 (c)	Held to maturity financial assets, at amortised cost					
	Federal Government Bonds	17,951,506	4,907,934		17,951,506	4,907,934
	State Government Bonds	41,639	48,663		41,639	48,663
	FGN Treasury bills	2,598,778	4,462,383		2,598,778	4,462,383
	Corporate Bonds	538,413	538,300		538,413	538,300
	Placement with Banks	-	6,165,014		-	6,165,014
	Total held to maturity	21,130,335	16,122,294		21,130,335	16,122,294
	Movement in Held-to-maturity financial assets					
	Balance beginning of year	16,122,294	8,449,753		16,122,294	8,449,753
	Net movement during the year	5,008,041	7,672,541		5,008,041	7,672,541
	Total held to maturity	21,130,335	16,122,294		21,130,335	16,122,294
	Current	21,130,335	16,122,294		21,130,335	16,122,294
	Non-current	-	-		-	-

		GROUP			COMPANY	
		31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
7 (d)	Loans and receivables	N'000	N'000		N'000	N'000
			-			
	Long-term loans	3,000	3,000		3,000	3,000
	Loans on mortgage	15,120	15,120		15,120	15,120
	Loans on policies	123,554	95,970	27,584	123,554	95,970
	Short-term loans	64,572	66,344		64,572	66,344
		206,246	180,434		206,246	180,434
	Impairment (d (i))	(79,024)	(85,092)		(79,024)	(85,092)
	Total loans on policies	127,222	95,342		127,222	95,342
	Current	109,102	85,222		117,102	85,222
	Non-current	18,120	10,120		10,120	10,120

For loans and receivables exceeding 12 months, the estimated fair values of the loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. For loans and receivables with maturity period of below 12 months, no discounting was applied.

(i)	The movement in impairment charge is as follow:						
	Balance beginning of year	85,092	77,092		85,092	77,092	
	Impairment written off/(write back)	(6,068)	8,000		(6,068)	8,000	
	Balance at period end	79,024	85,092		79,024	85,092	-
8	Trade Receivables						
	Trade debtors	181,435	70,737		-	-	
	Total	181,435	70,737		-	-	
	Net impairment gain/(loss)	(10,775)	(10,775)		-	-	
	Balance at end of year	170,660	59,962		-	-	
	Current	170,660	59,962		-	-	
	Non-current	-	-		-	-	
9	Reinsurance Assets						
	Reinsurance projection as per actuarial valuation	34,339	25,869		34,339	25,869	
	Changes per actuarial valuation	42,433	8,471		42,433	8,471	
	Reinsurance recovery	76,772	34,339		76,772	34,339	
	Net impairment gain/(loss)	-	-		-	-	
	Total Reinsurance Assets	76,772	34,339		76,772	34,339	
	Current	76,772	34,339		76,772	34,339	
	Non-current	-	-		-	-	

There were no indicators of impairments for re-insurance assets as balance are set-off against payable from retrocession at the end of every quarter. Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

10	Deferred Acquisition costs					
	Balance as at 1st January	7,392	917		7,392	917
	Additions during the year	222,030	279,954		222,030	279,954
	Amortization for the year	(213,704)	(273,479)		(213,704)	(273,479)
	Balance at period end	15,717	7,392		15,717	7,392

		GROUP			COMPANY	
		31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
11	Other Receivables	N'000	N'000		N'000	N'000
11 (i)	The balance is analysed as follow:					
	Due from agents	50,403	51,549		46,875	49,691
	Investment income receivable	77,866	537,556		26,121	511,357
	Prepayment - Rent	113,271	116,097		57,948	60,774
	Prepayment - Others	51,449	82,266		31,056	57,324
	Staff mortgage loans & receivables	159,575	151,273	8,302	150,602	142,554
	Deposit for investments (see 11 (iii)	120,061	165,061		120,061	165,061
	Deposit for Aircraft	737,200	737,200		-	-
	Due from related company (see 11 iv)	3,681	1,025	2,656.03	449,820	406,364
	Stock of raw materials & consumables	10,969	7,031	3,939	4,674	2,957
	Staff share loan (see 11 v)	2,131,870	2,133,439		2,131,870	2,133,439
	Other debit balances	120,825	32,588	88,237	49,381	0
		3,577,171	4,015,086		3,068,409	3,529,522
	Impairment of other loans and receivables	(3,070,288)	(3,128,001)		(2,328,873)	(2,386,586)
	Balance at period end	506,884	887,084		739,536	1,142,935
	Current	506,884	887,084		739,536	1,142,935
	Non-current	-	-		-	-
11 (ii)	The movement in impairment charge is as follow:-					
	Balance beginning of year	3,128,001	3,303,001		2,386,586	2,561,586
	Transfer to unlisted financial assets	-	(175,000)		-	(175,000)
	Impairment charge/(written back) for the year	(57,713)	-		(57,713)	-
	Balance at period end	3,070,288	3,128,001		2,328,873	2,386,586
		-	-			-

All past due receivables were individually impaired.

11 (iii)	Deposits for shares/investments					
	Deposits for shares/investments comprises of the following investments:-					
	First Ghana Building Company Limited, Ghana.	120,000	120,000		120,000	120,000
	Paramount Hotel, Ghana.	-	45,000		-	45,000
	Deposit for the purchase of Nail producing machine	0	0		0	0
	Fountain Trust Limited	36	36		36	36
	Golden Securities Limited	25	25		25	25
	Balance at period end	120,061	165,062		120,062	165,062
11 (iv)	Due from related company:-					
	African Alliance Holding Limited	8,150	8,150		8,150	8,150
	Universal Insurance Company Plc (a)	1,600,267	1,600,267		1,600,267	1,600,267
	Frenchies Foods Limited	3,576	920		3,576	920
	Axiom Air Limited	-	-		406,839	405,339
	Ghana Life Insurance	-	-		39,300	-
	African Alliance Trustees Limited	105	105		105	105
		1,612,098	1,609,442		2,058,237	2,014,781
	Impairment of due from associates	(1,608,417)	(1,608,417)		(1,608,417)	(1,608,417)
		3,681	1,025		449,820	406,364
	Balance beginning of year	(1,608,417)	(1,692,819)		(1,608,417)	(1,608,417)
	Impairment charge/(written back) for the year	-	84,402		-	-
	Balance at period end	(1,608,417)	(1,608,417)		(1,608,417)	(1,608,417)
	All past due receivables were individually impaired.					
(a)	Universal Insurance Company Plc :-					
	This represent the unpaid balance of shares subscribed to by Universal Insurance Plc on behalf of its Staff during the private placement exercise of African Alliance Insurance Plc. Universal Insurance Plc is listed on the Nigerian Stock Exchange and has common core investors with African Alliance Insurance Plc.					
11 (v)	Staff Share Loan:-					
	The amount is made up of African Alliance Insurance Company Plc share purchased during the Private Placement exercise on behalf of staff of the company and repayment from staff is ongoing.					
		GROUP			COMPANY	
12	Investment in subsidiaries	31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
	This comprises of investment in:	N'000	N'000		N'000	N'000
	African Alliance Realty Company Limited (12 a)	-	-		53	53
	Frenchies Foods Nigeria Limited (12 b)	-	-		1,053,950	1,053,950
	Axiom Air Limited (12 c)	-	-		3,000,000	3,000,000
	Ghana Life Insurance Company Limited (12 d)	-	-		1,731,441	1,590,000
	Total Investment in subsidiaries	-	-		5,785,444	5,644,003
	Impairment gain/(loss) (12 (i))	-	-		(4,286,445)	(4,286,445)
	Net Investment in subsidiaries	-	-		1,498,999	1,357,558
12 (i)	The movement in impairment charge is as follow:-					
				At beginning of year	Charge/(write back)	Balance as at 31-12-2016
				N'000	N'000	N'000
	Frenchies Foods Nigeria Limited			(464,616)	-	(464,616)
	Axiom Air Limited			(3,000,000)	-	(3,000,000)
	Ghana Life Insurance Company Limited			(821,829)	-	(821,829)
				(4,286,445)	-	(4,286,445)

12 (a) African Alliance Realty Company Limited :-

The amount represents 100% holding in the company wholly owned by African Alliance Insurance Company Plc. The company is established to engage in the business of property development, rental and management.

12 (b) Frenchies Foods Nigeria Limited :-

This is a wholly owned subsidiary of the company. It was purchased from the former owners in June 2008. The company is in the business of restaurant and catering services.

12 (c) **Axiom Air Limited:-**

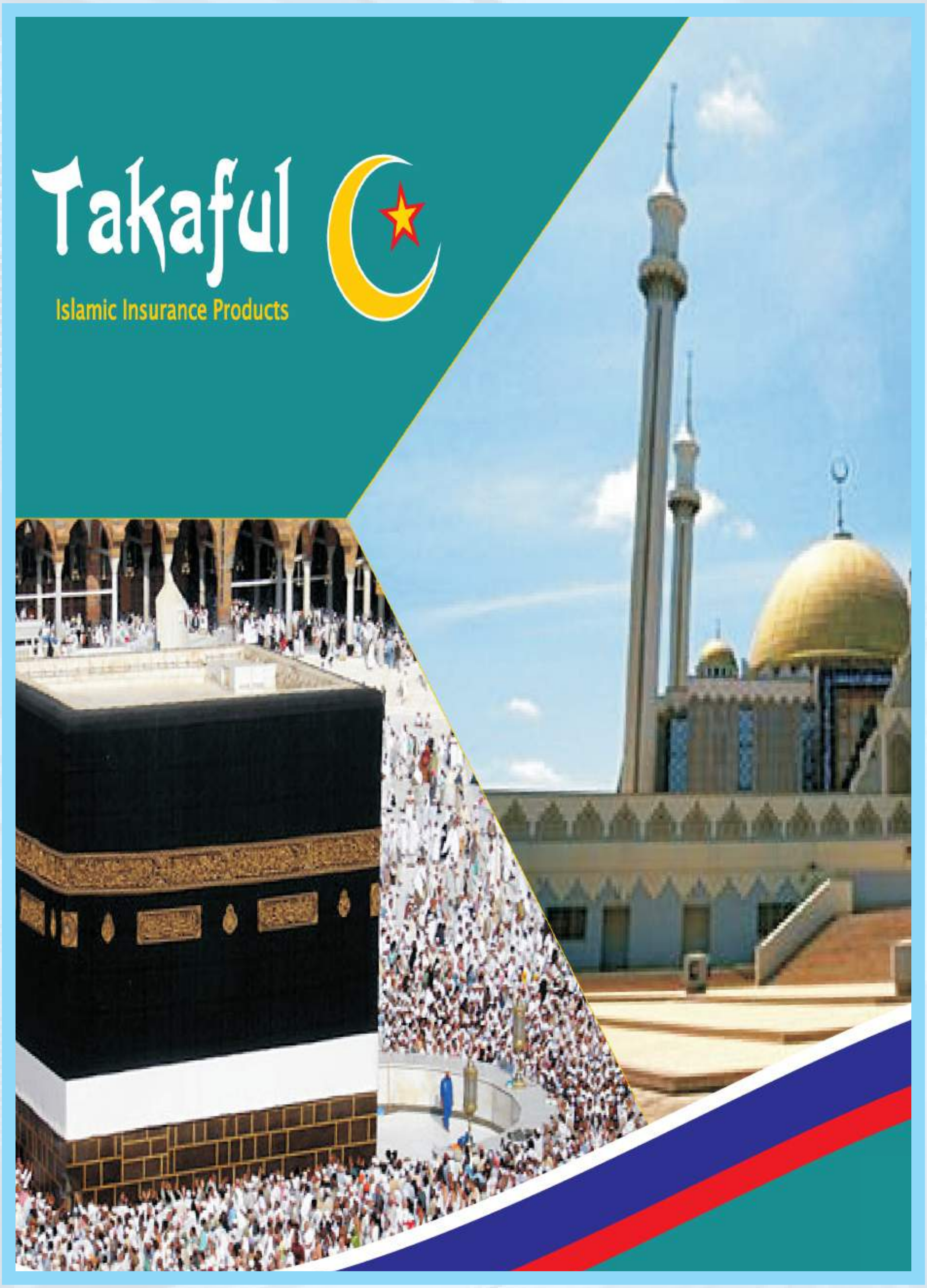
The company was incorporated on 17 July 2008 to carry on the business of airline owners and management, provide air transport for public use; to provide all necessary and or desirable services incidental to this objective, including booking, reservation, routing and ticketing services, baggage management, flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

12 (d) **Ghana Life Insurance Company Limited**

The company is a subsidiary of African Alliance Insurance Plc. The company is domiciled in Ghana and is permitted by its regulation to carry on the business of life insurance.

13	Investment in Associates				
	Pension Alliance Limited (13 a)	1,562,131	1,455,120	1,562,441	1,455,430
	This represents the Company's 49% holding in Pensions Alliance Limited. The associated company is engaged in the provision of pension services in accordance with the Pension Reform Act. The financial year end of the company is 31 December.				
13 a.	The balance of associate investment is as follow:				
	Cost				
	Balance, beginning of year	1,455,120	1,229,554	1,455,430	1,229,864
	Share of profit after taxation: @ 49% of N988,390				
	(2015 - N983,059)	484,311	481,699	484,311	481,699
	Less: Dividend received	(377,300)	(256,133)	(377,300)	(256,133)
	Investment associates	1,562,131	1,455,120	1,562,441	1,455,430
14	Investment properties				
	This comprises of investment in the following properties:				
	Investment properties	6,900,430	6,610,976	6,058,586	5,868,188
	Additions	1,514	9,564	1,514	9,564
	Fair value gain/(loss)	725,646	279,890	556,900	180,834
	Investment properties	7,627,590	6,900,430	6,616,999	6,058,586
		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
	A brief descriptions of the properties held by	N'000	N'000	N'000	N'000
	the company are as follows:				
	Breadfruit Street Marina Lagos	1,778,000	1,620,000	1,778,000	1,620,000
	Land at Pankere Village, Abijo, Ibeju Lekki	2,571,000	2,306,000	2,571,000	2,306,000
	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	710,000	650,186	710,000	650,186
	Sani Abacha Estate, Abuja	784,000	723,000	784,000	723,000
	73 Oyemekun street, Akure	20,000	19,000	20,000	19,000
	Property at Lekki Phase 1	140,000	143,400	140,000	143,400
	Property at Lekki Seagate	82,000	78,000	82,000	78,000
	Property at Millennium Housing estate	92,000	83,000	92,000	83,000
	35 Marple street, London	360,000	360,000	360,000	360,000
	4 bedroom duplex, Ajah road, Ajah, Lagos	80,000	76,000	80,000	76,000
	Land & Residential properties held in Ghana Life Ins.	1,010,590	841,844	-	-
	Total	7,627,590	6,900,430	6,617,000	6,058,586

	GROUP		COMPANY	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
A brief descriptions of the properties held by	N'000	N'000	N'000	N'000
the company in its name are as follows:				
Breadfruit Street Marina Lagos	1,778,000	1,620,000	1,778,000	1,620,000
Property at Millennium Housing estate	92,000	83,000	92,000	83,000
35 Marple street, London	360,000	360,000	360,000	360,000
4 bedroom duplex, Ajah road, Ajah, Lagos	80,000	76,000	80,000	76,000
73 Oyemekun street, Akure	20,000	19,000	20,000	19,000
Property at Lekki Phase 1	140,000	143,400	140,000	143,400
Property at Lekki Seagate	82,000	78,000	82,000	78,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	710,000	650,186	710,000	650,186
	3,262,000	3,029,586	3,262,000	3,029,586
A brief descriptions of the properties held by				
the company in the name of Conau Limited are as follows:				
Land at Pankere Village, Abijo, Ibeju Lekki	2,571,000	2,306,000	2,571,000	2,306,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	-	-	-	-
Sani Abacha Estate, Abuja	784,000	723,000	784,000	723,000
	3,355,000	3,029,000	3,355,000	3,029,000
Total	6,617,000	6,058,586	6,617,000	6,058,586


Takaful
Islamic Insurance Products

Investment Properties In the name of Conau Limited:

Conau is a major shareholder in African Alliance Insurance Plc. It has about 50% of the share capital of African Alliance Insurance Plc. Conau Limited obtained power of attorney by a resolution of the board of directors of African Alliance to act and carry out business activities on behalf of the company in the purchase of investments and other transactions during the private placement of the company in April 2008. The title documents to the two Investment Properties above have been filed at various State Land Registry.

Investment properties represent buildings and un-developed lands acquired for subsequent disposal in the near future and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation. Valuation is carried out at least once in three (3) years or as the need arise.

All the properties of the company within Nigeria were revalued on 31st December 2016 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value of the investment properties. The open market value of the local properties was N6,257,000,000 (2015:- N5,698,586,000), see table bellow. The fair value gain/(loss) on the investment properties have been recognised in the Statement of Comprehensive Income for the period and the impact on deferred taxation recognised.

Local Properties	Value 31st Dec. 2016	Value 31st Dec. 2015
	N'000	N'000
Breadfruit Street Marina Lagos	1,778,000	1,620,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,571,000	2,306,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	710,000	650,186
Sani Abacha Estate, Abuja	784,000	723,000
73 Oyemekun street, Akure	20,000	19,000
Property at Lekki Phase 1	140,000	143,400
Property at Lekki Seagate	82,000	78,000
Property at Millennium Housing estate	92,000	83,000
4 bedroom duplex, Ajah road, Ajah, Lagos	80,000	76,000
Total	6,257,000	5,698,586

15 (i) Intangible Assets (GROUP)

GROUP

	DEFERRED EXPENDITURE	PRODUCT DEVELOPMENT COST	SOFTWARE WORK-IN PROGRESS	ACCOUNTING SOFTWARE	TOTAL
	N' 000	N' 000	N' 000	N' 000	N' 000
Cost/Valuation					
Balance, beginning of period	11,789	2,637	12,504	85,360	112,289
Additions during the year	-	-	-	2,246	2,246
Balance, end of period	11,789	2,637	12,504	87,605	114,535
Accumulated depreciation					
Balance, beginning of period	3,712	2,637	-	40,148	46,497
Charge for the year	-	-	-	9,605	9,605
Balance, end of period	3,712	2,637	-	49,753	56,102
Netbook value as at 31 December 2016	8,077	-	12,504	37,853	58,433

	Netbook value as at 31 December 2015	8,077	-	12,504	45,212	65,792

15 (ii) Intangible Assets (COMPANY)

	COMPANY	
COMPUTER SOFTWARE	31-Dec-2016	31-Dec-2015
	N'000	N'000
Cost		
Balance, beginning of period	71,204	59,557
Additions	2,246	11,648
Disposals	-	-
Balance, end of period	73,450	71,204
Accumulated amortisation		
Balance, beginning of period	37,568	29,261
Amortisation expense/impairment charge	7,859	8,307
Disposals	-	-
Balance, end of period	45,427	37,568
Net book amount	28,023	33,636

The intangible assets of the company comprised of computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Company's policy.

16 (i) Property, plants and equipments

(a) GROUP

	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipme	Plant & Machinery	Air Craft	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost/Revalued amount									
Balance, beginning of period	62,000	2,724,089	449,544	164,485	142,775	106,842	116,426	2,281,122	6,047,282
Additions/adjustments during the year	-	1,063	33,622	8,040	20,989	12,387		-	76,101
Disposals	-	-	(210)	(1,536)	(188)	(924)	-	-	(2,858)
Revaluation	-	168,607	-	-	-	-	-	-	168,607
Balance, end of period	62,000	2,893,759	482,956	170,990	163,576	118,304	116,426	2,281,122	6,289,132
Accumulated depreciation									
Balance, beginning of period	-	166,072	242,890	92,363	83,504	44,948	116,426	804,944	1,551,147
Charge for the year	-	15,438	74,018	10,711	19,349	10,140	-	143,969	273,626
On Disposal	-	-	(210)	(1,536)	(188)	(924)	-	-	(2,857)
Revaluation	-	(6,806)	-	-	-	-	-	-	(6,806)
Balance, end of period	-	174,705	316,698	101,540	102,665	54,164	116,426	948,913	1,815,110
Netbook value as at 31 December 2016	62,000	2,719,055	166,257	69,450	60,911	64,140	-	1,332,209	4,474,022
Netbook value as at 31 December 2015	62,000	2,558,017	206,653	72,122	59,271	61,894	-	1,476,178	4,496,135

The company's property at 34 Association Avenue, Ilupeju, Lagos was revalued on 31st December 2016 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value. The open market value of N388,000,000, (2015 - N350,000,000), have been incorporated in this financial statement and the revaluation surplus recognised in the respective statement of equity.

(b) Componentisation of Aircraft

Depreciation rate:	4%	3%	10%	15%	
Names	Engines	Conversion/ Airframe	Landing Gear	APU, Avionic & others	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January, 2016	588,550	1,003,570	240,000	449,002	2,281,122
Additions during the year					-
Disposals					-
Costs	588,550	1,003,570	240,000	449,002	2,281,122
Depreciation					
At 1 January, 2016	127,416	239,500	121,310	316,718	804,944
Charge for year	19,200	33,419	24,000	67,350	143,969
At 31, December 2016	146,616	272,919	145,310	384,068	948,913
Net Book Value					
At 31, December 2016	441,934	730,651	94,690	64,934	1,332,209
At 31, December 2015	461,134	764,070	118,690	132,284	1,476,178

The componentisation was done with the assistance of certified A&C and B2 avionics Engineers with current practice licence.

16 (ii) Property, plants and equipments

COMPANY

	Land	Buildings	Motor Vehicle	Furniture and fittings	Computer Equipment	Office Equipme	Total
	N' 000	N' 000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount							
Balance, beginning of period	62,000	301,373	323,795	99,223	111,419	110,156	1,007,965
Additions during the year	-	-	-	6,767	15,410	12,387	34,563
Disposals	-	-	(210)	(1,536)	(188)	(924)	(2,858)
Revaluation	-	44,027	-	-	-	-	44,027
Balance, end of period	62,000	345,400	323,585	104,454	126,641	121,619	1,083,698
Accumulated depreciation							
Balance, beginning of period	-	13,373	169,233	53,779	64,379	44,237	345,001
Charge for the year	-	6,027	56,086	7,808	14,178	10,140	94,240
On Disposal	-		(210)	(1,535)	(188)	(924)	(2,857)
Balance, end of period	-	19,400	225,110	60,052	78,370	53,453	436,384
Netbook value as at 31 December 2016	62,000	326,000	98,475	44,402	48,271	68,166	647,313
Netbook value as at 31 December 2015	62,000	288,000	154,561	45,444	47,040	65,920	662,964

		GROUP		COMPANY	
17	Statutory deposit	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
		N'000	N'000	N'000	N'000
	Statutory deposit	313,407	224,211	200,000	200,000
	Total	313,407	224,211	200,000	200,000

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17 LFN 2004.

		GROUP 31-Dec-2016	GROUP 31-Dec-2015	COMPANY 31-Dec-2016	COMPANY 31-Dec-2015
18	Insurance Contract Liabilities				
	This comprises of:				
	Outstanding claims reserve (ii)	43,277	26,444	32,652	16,960
	Claims Incurred but not reported (iii)	475,896	493,872	475,896	493,872
	Unearned premium reserve (iv)	203,792	658,567	203,792	658,567
	Individual life contracts (v)	3,646,862	3,010,322	2,127,410	2,111,322
	Annuity business (vi)	27,264,774	22,493,885	27,264,774	22,493,885
		31,634,602	26,683,090	30,104,525	25,774,605
(i)	Life Fund Reconciliation				
	This comprises of:				
	Life Insurance Fund	25,765,372	12,436,505	24,605,206	11,694,784
	Unearned Premium (iv)	203,792	658,567	203,792	658,567
	Outstanding Claims (ii)	43,277	26,445	32,652	16,960
	Claims Incurred but not reported (IBNR) (iii)	475,896	493,872	475,896	493,872
	Net accretion to life fund	5,146,264	13,067,701	4,786,979	12,910,422
	Balance end of period	31,634,602	26,683,090	30,104,525	25,774,605
	Current	5,859,997	14,439,908	4,329,920	13,531,423
	Non-current	25,774,605	12,243,182	25,774,605	12,243,182
(ii)	Provision for outstanding claims (note 33(i))				
	Provision at beginning of year- Individual life	26,445	75,832	16,960	60,392
	Net movement during the year	16,832	(49,387)	15,692	(43,432)
	Provision at end of year- Individual life	43,277	26,445	32,652	16,960
(iii)	Claims Incurred but not reported (IBNR) (note 33(ii))				
	Provision at beginning of year- Individual life	493,872	367,610	493,872	367,610
	Net movement during the year	(17,976)	126,262	(17,976)	126,262
	Provision at end of year- Individual life	475,896	493,872	475,896	493,872

(iv)	Changes in unearned premium (note 30 (i))				
	Unearned premium at beginning of year- Group life	658,567	120,396	658,567	120,396
	Net movement during the year	(454,776)	538,171	(454,776)	538,171
	Unearned premium at end of year- Group life	203,792	658,567	203,792	658,567
(v)	Individual life contracts including Annuity				
	Reconciled Life Fund (note 18 (i))	31,634,602	26,683,090	30,104,525	25,774,605
	Annuity Business	27,264,774	22,493,885	27,264,774	22,493,885
	Individual Traditional	4,369,827	4,189,205	2,839,750	3,280,721

(vi) Annuity

The Company had 7,078 (2015: 5005) PRA regulated annuity policies with annual annuity payments of N4,204,435,946 (2015: N2,859,694,683). Each annuity policy was valued using a monthly discounted cashflow method with the reserves set to equal the present value of future annuity payments and attending expenses. We have recognised the annuity guaranteed minimum payment period in our calculations.

Valuation interest rate used 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 risk-free rate implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4.

Illustrated below is the movement of the annuity portfolio in year 2016

	2016		2015	
	Number of annuity policies	Annual Annuity (=N=)	Number of annuity policies	Annual Annuity (=N=)
12/31/2015	5,005	2,859,694,683	2,809	1,543,092,479
New Entrants	2,081	1,254,604,674	2,178	1,298,937,104
Deaths	(66)	(31,375,343)	(42)	(21,221,919)
Prior Year Adjustment	58	121,511,932	60	38,887,019
12/31/2016	7,078	4,204,435,946	5,005	2,859,694,683

Mortality Assumptions

The following sample average expectation of life were assumed.

Age	Expectation of life (in years)		Expectation of life (in years)	
	Male	Female	Male	Female
50	29	34	29	34
60	20	25	20	25
70	14	17	14	17
80	8	10	8	10

The latest actuarial valuation of the insurance contract liabilities was as at 31 December 2016 by HR Nigeria Limted. The valuation reports were authorised by Mr. Okpaise Olurotimi with FRC registration number: (FRC/2012/NAS/00000000738). At that date, the determined value of the liabilities stood at N30.104 Billion, (2015: N25.774 Billion).

		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
19	Investment Contract Liabilities	N'000	N'000	N'000	N'000
	This comprises of:				
	Balance, beginning of period	4,408,274	4,446,262	4,408,274	4,446,262
	Deposit received during the year:	889,784	1,900,481	889,784	1,900,481
	Withdrawals in the year	(597,962)	(2,146,654)	(597,962)	(2,146,654)
	Prior years adjustment	591,769	-	591,769	-
	Guaranteed interest	119,534	208,185	119,534	208,185
	Balance end of period	4,819,629	4,408,274	5,411,398	4,408,274
(a)	Liabilities on administered deposits				
	Balance, beginning of period	3,528,836	3,682,841	3,528,836	3,682,841
	Deposit received during the year:	204,021	1,083,876	204,021	1,083,876
	Withdrawals in the year	(354,301)	(1,429,802)	(354,301)	(1,429,802)
	Prior years adjustment	591,769	-	591,769	-
	Guaranteed interest	104,560	191,922	104,560	191,922
	Balance end of period	4,074,886	3,528,836	4,074,886	3,528,836

The latest available actuarial valuation of the liabilities for administered deposits as at 31 December 2016 was carried out by HR Nigeria Limited. At that date, the book value of the liabilities for administered deposits is N4.075 Billion. (2015; N3.529 Billion)

(b)	Investment linked fund					
	This comprises of:					
	Balance, beginning of period	879,438	763,421		879,438	763,421
	Deposit received during the year:	685,763	816,605		685,763	816,605
	Withdrawals in the year	(243,662)	(716,852)		(243,662)	(716,852)
	Guaranteed interest	14,974	16,263		14,974	16,263
	Balance end of period	1,336,513	879,438		1,336,513	879,438
					(0)	

The latest available actuarial valuation of the investment linked fund put the value of the liabilities of the fund at N1.336 Billion at 31 December 2016. (2015: N879.438 Million)

20	ANNUITY DISCLOSURES		
	STATEMENT OF ASSETS AND LIABILITIES		
	FOR THE YEAR ENDED 31 DECEMBER, 2016	2016	2015
		Carrying amount /Amortised cost	Carrying amount /Amortised cost
	CASH & CASH EQUIVALENT	N'000	N'000
	Cash and bank balances:	805,808	-
	Short term deposits:	5,033,477	3,468,239
		5,839,285	3,468,239
	HTM- FIXED DEPOSIT	-	5,811,759
	HTM-GOVT SECURITIES		
	Treasury Bills:	20,096,736	9,957,280
	Bonds:	-	-
		20,096,736	9,957,280
	OTHER ASSETS:		
	Real Estate	1,328,753	3,256,608
	Equities	-	-
		1,328,753	3,256,608
	TOTAL ASSETS	27,264,774	22,493,885
	LIABILITIES		
	Annuity Reserves	(27,264,774)	(22,493,885)

The latest available actuarial valuation of the liabilities for Annuity Fund as at 31 December 2016 was carried out by HR Nigeria Limited. At that date, the book value of the liabilities for Annuity Fund is N27.265 Billion, (2015: N22.493 Billion). The minimum required solvency margin is N8.179 Billion and the available Shareholder's fund is N3.6 Billion which is less than the required minimum solvency requirements stipulated by the PRA Annuity Regulations. The PRA Annuity Regulations require the Life Insurer to demonstrate a minimum solvency margin of the Annuity Fund of 30%.

21	Hypothecation of investment/assets							
	As at 31 December 2016							
		Total	Inadmissible	Total Admissible	Insurance Contracts	Investment Contracts	Shareholders funds	Total
		N'000	N'000	N'000				
	Assets							
	Cash and Cash Equivalents (notes 6)	6,359,790		6,359,790	5,887,965	471,825	(0.00)	6,359,790
	Financial Assets (notes 7)	23,584,249		23,584,249	20,530,872	3,053,377	0	23,584,249
	Reinsurance Assets (notes 9)	76,772		76,772	76,772		-	76,772
	Deferred Acquisition Cost (notes 10)	15,717		15,717			15,717	15,717
	Other Receivables (notes 11)	739,536	(588,934)	150,602			150,602	150,602
	Investment in subsidiaries (notes 12)	1,498,999	(909,612)	589,387			589,387	589,387
	Investment in Associates (notes 13)	1,562,441		1,562,441			1,562,441	1,562,441
	Investment Properties (notes 14)	6,616,999	(3,355,000)	3,261,999	1,375,803	1,886,196	0	3,261,999
	Deferred Tax Assets (notes 25)	24,551	(24,551)	-			-	-
	Intangible Asset (notes 15)	28,023	(28,023)	-			-	-

Property Plant and Equipment (notes 16)	647,313		647,313			647,313	647,313
Statutory Deposits (notes 17)	200,000		200,000			200,000	200,000
Total Assets	41,354,390	(4,906,120)	36,448,271	27,871,412	5,411,398	3,165,461	36,448,271
							-
Liabilities							-
Insurance Contract Liabilities (notes 18)	30,104,525		30,104,525	30,104,525		-	30,104,525
Investment Contracts Liabilities (notes 19)	5,411,398		5,411,398		5,411,398	-	5,411,398
Trade Payable (notes 23)	923,974		923,974			923,974	923,974
Other payables (notes 24)	291,182		291,182			291,182	291,182
Employee Benefit Liability (notes 25)	39,624		39,624			39,624	39,624
Income Tax liabilities (notes 26)	285,240		285,240			285,240	285,240
Deferred tax liabilities (notes 27)	695,696	(695,696)	-			-	-
Total Liabilities	37,751,639	(695,696)	37,055,943	30,104,525	5,411,398	1,540,020	37,055,943
Net Assets/Shareholders fund	3,602,751	(4,210,424)	(607,673)				
Surplus/(Deficit) Asset				(2,233,113)	(0)	1,625,441	(607,673)
Cummulative Surplus/(Deficit) Asset Cover				(2,233,113)	(2,233,113)	(607,673)	
Required Minimum Solvency						2,000,000	
Shortfall in Solvency Margin						(2,607,673)	

22	**Borrowings**				
	Bank overdrafts	68,218	25,564	-	-
	Term Loans	-	-	-	-
		68,218	25,564	-	-

The bank overdrafts are temproray overdrawn accounts as recorded in the cash book.

23	**Trade Payable**				
	Due to reinsurance	-	372	-	-
	Premium deposits	928,765	1,364,675	923,974	1,356,657
	Trade creditors	254,586	229,012	-	56,957
		1,183,351	1,594,059	923,974	1,413,614
	Current	1,167,351	1,578,059	923,974	1,413,614
	Non-current	16,000	16,000	-	-

		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
24	**Other payables**	N'000	N'000	N'000	N'000
	This is analysed as follow:				
	Due to related company	105,442	116,442	13,758	24,758
	Agent savings	123,403	98,148	115,173	92,401
	PAYE and other taxes	105,480	104,671	59,192	58,383
	Other creditors	121,251	101,637	84,582	86,798
	Provisions and accruals	71,673	57,738	18,476	13,626
		527,249	478,637	291,182	275,967
	Current	421,807	362,195	277,424	251,209
	Non-current	105,442	116,442	13,758	24,758

25	**Employee Benefits Liabilities**				
	Staff pension scheme (i)	39,049	51,287	7,937	20,175
	Staff Defined Benefit Plan (ii)	31,687	32,284	31,687	32,284
		70,736	83,570	39,624	52,458
	Due within 12 months	39,049	51,287	7,937	20,175
	Due after more than 12 months	31,687	32,284	31,687	32,284

The company has a post- employment benefit scheme which is partly funded.
Actuarial valuation of the pension scheme was carried out by HR Nigeria Limited as at 31st December 2015. As required by IAS 19, the Projected Unit Credit (PUC) method was adopted to establish the value of the accrued liabilities. The value was N32.284 Million, (2013; N81.838 Million). No actuarial valuation was caried out in 2014 and 2016.

25 (i)	**Staff pension scheme**				
	Balance at beginning of period	51,287	60,469	20,174	12,343
	Provision for the year	35,448	25,355	35,448	42,369
	Payment to PFAs	(47,686)	(34,538)	(47,685)	(34,538)
	Balance at end of period	39,049	51,287	7,937	20,175
	Current	39,049	51,287	7,937	20,175
	Non-current	-	0	0	-

25 (ii)	**Staff Defined Benefit Plan**				
	At beginning of year:	32,284	61,352	32,284	61,352
	Current service cost	22,511	24,707	22,511	24,707
	Contributions by plan participants	(23,108)	(25,194)	(23,108)	(25,194)
	Actuarial losses/(gains)	-	(28,581)	-	(28,581)
	At 31 December	31,687	32,284	31,687	32,284
	Current	-	-	-	-
	Non-current	31,687	32,284	31,687	32,284

	Discount rate	0%	12%	0%	12%
	Inflation rate	0%	9%	0%	9%
	Future salary increases	0%	11%	0%	11%
	The amounts recognised in the statement of comprehensive income are as follows:				
		₦'000	₦'000	₦'000	₦'000
	Current service cost	-	24,707	-	24,707
	Interest cost	-	30,344	-	30,344
	Expected returns on assets	-	(26,470)	-	(26,470)
	Actuarial gain/(loss)	-	-	-	-
	Additional cost provision	-	-	-	-
	Total	-	28,581	-	28,581
26	Income tax liabilities				
	The movement in income tax during the year is as follow:				
	Balance at beginning of the year	294,367	204,462	224,970	149,069
	Payment during the year	(30,080)	(18,795)	(30,080)	(18,795)
	Tax expense for the year	94,825	103,873	90,350	94,696
	Income tax payable	359,112	289,540	285,240	224,970

The tax computed for the year is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended. Minimum tax has been provided in the financial statement.

Section 12 (2A) of the Nigerian Information Technology Development Agency (NITDA) Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. This provision has been made in the current financial statement.

		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
27	Deferred Tax liabilites	N'000	N'000	N'000	N'000
	Balance beginning period	680,865	592,666	515,418	449,594
	Charge for the year	242,697	88,199	180,278	65,825
	Balance end period	923,562	680,865	695,696	515,418
	Deferred tax assets				
	Balance beginning period	29,141	34,305	24,551	24,551
	Charge for the year	(2,894)	(5,164)	-	-
	Release for the year	-	-		
	Balance end period	26,247	29,141	24,551	24,551
28 (i)	Share capital				
	The share capital comprises:				
	Authorised -				
	30,000,000,000 Ordinary shares of 50k each	15,000,000	15,000,000	15,000,000	15,000,000
	Issued and fully paid -				
	20,585,000,000 Ordinary shares of N0.50k each	10,292,500	10,292,500	10,292,500	10,292,500
	On issue at period end	10,292,500	10,292,500	10,292,500	10,292,500
28 (ii)	Share premium				
	At 1 January	14,365,133	14,365,133	14,365,133	14,365,133
	On issue at period end	14,365,133	14,365,133	14,365,133	14,365,133
28 (iii)	Contingency Reserve				
	Balance, beginning of period	467,774	317,968	422,589	280,483
	Transfer from profit and loss	366,692	149,806	353,739	142,106
	Balance, end of period	834,466	467,774	776,327	422,589

In accordance with the Insurance act, a contigency reserve is credited with the greater of 1% of total premiums or 10% of profits. This shall accumulate until it reaches the amount of, greater of minimum paid- up capital or 50 percent of net premium.

28 (iv) Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity holders of the company. See statement of changes in equities for movement in retained earnings.

28 (v)	Revaluation Reserve	N'000	N'000	N'000	N'000
	Balance, beginning of period	2,281,904	2,188,312	274,277	235,695
	Change during the year	175,413	93,592	44,027	38,582
	Balance as at period end	2,457,317	2,281,904	318,305	274,277

The relevant deferred tax effect of the surplus have been provided for in the diferred tax liability account.

28 (vi) Translation Reserve

This relate to the foreign exchange translation difference from operations in Ghana Life Insurance.

29 Contingencies and commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were (4) (2015 - (7)) outstanding legal proceedings against the Company as at 31 December 2016 with claims totaling N46,679,960. (2015 - N21,193,018). 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 litigations) will have a material effect on its results and financial position.
The Company is also subject to insurance solvency regulations and has not complied with the solvency requirements. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b) Capital commitments
The Company has no capital commitments as at the reporting date.

		GROUP		COMPANY	
30	Gross Premium Income	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
		N'000	N'000	N'000	N'000
	Individual life business	2,520,485	1,934,879	1,225,098	1,164,886
	Annuity	10,246,119	10,555,707	10,246,119	10,555,707
	Group life business	729,260	2,171,542	729,260	2,171,542
	Takaful	192,108	254,498	192,108	254,498
	Esusu	570,829	63,981	570,829	63,981
	Gross Premium Written	14,258,800	14,980,608	12,963,414	14,210,615
	Add: Opening Unearned premium (1/1/16) (note i)	658,567	120,396	658,567	120,396
	Less: Closing Unearned premium (31/12/16) (note i)	(203,768)	(658,567)	(203,768)	(658,567)
	Gross premium earned	14,713,600	14,442,436	13,418,213	13,672,443
	Reinsurance expenses (note 31)	(35,162)	(42,144)	(10,913)	(40,910)
	Net Premium Income	14,678,438	14,400,292	13,407,301	13,631,533
30 (i)	Changes in unearned premium				
	Unearned premium at beginning of year- Group life	658,567	120,396	658,567	120,396
	Net movement during the year	(454,800)	538,171	(454,800)	538,171
	Unearned premium at end of year- Group life	203,768	658,567	203,768	658,567
31	Reinsurance expenses				
	Individual life business	(26,239)	(1,496)	(1,990)	(262)
	Group life business	(51,356)	(49,118)	(51,356)	(49,118)
	Changes in reinsurance recovery (note 9)	42,433	8,471	42,433	8,471
	Reinsurance cost	(35,162)	(42,144)	(10,913)	(40,910)
32	Fees and Commission Income				
	Commission received	13,345	12,368	13,345	12,368
		13,345	12,368	13,345	12,368

		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
		N'000	N'000	N'000	N'000
33	Claims expenses				
	Direct claims paid	(1,201,575)	(1,487,105)	(1,184,814)	(1,472,521)
	Annuity claims	(4,290,500)	(2,741,850)	(4,290,500)	(2,741,850)
	Surrenders	(251,102)	(222,693)	(183,555)	(164,310)
	Maturity claims	(1,529,157)	(560,304)	(910,868)	(313,838)
	Gross Claims paid	(7,272,335)	(5,011,952)	(6,569,737)	(4,692,520)
	Change in outstanding claims (i)	(16,832)	49,387	(15,692)	43,432
	Change in claims incurred but not reported (IBNR) (ii)	17,976	(126,262)	17,976	(126,262)
		(7,271,191)	(5,088,827)	(6,567,454)	(4,775,350)
	Claims and benefits recoverable from reinsurers (iii)	9,455	6,574	9,455	6,574
		(7,261,735)	(5,082,253)	(6,557,998)	(4,768,776)
33 (i)	Provision for outstanding claims				
	Provision at beginning of year- Individual life	29,604	75,832	16,960	60,392
	Net movement during the year	16,832	(49,387)	15,692	(43,432)
	Provision at end of year- Individual life	46,437	26,445	32,652	16,960
33 (ii)	Claims Incurred but not reported (IBNR)				
	Provision at beginning of year- Individual life	493,872	367,610	493,872	367,610
	Net movement during the year	(17,976)	126,262	(17,976)	126,262
	Provision at end of year- Individual life	475,896	493,872	475,896	493,872
33 (iii)	Claims and benefits recoverable from reinsurers				
	Death Claims Group Life - African Reinsurance	9,455	6,574	9,455	6,574
		9,455	6,574	9,455	6,574
33 (iv)	Changes in contract liabilities				
	Life fund valuation surplus as per actuarial valuation	-	-	-	-
	Net accretion to life fund	5,146,264	13,067,701	4,786,979	12,910,422
	Net accretion to life fund	5,146,264	13,067,701	4,786,979	12,910,422
33 (v)	Underwriting expenses				
	Acquisition expenses	331,514	366,644	222,029	279,954
	Deferred Acquisition Cost	(8,325)	(6,475)	(8,325)	(6,475)
		323,189	360,169	213,704	273,479
	Maintenance expenses	746,180	858,551	737,979	844,396
	Total Underwriting expenses	1,069,369	1,218,720	951,683	1,117,875
34 (i)	Investment Income				
	Dividend - Quoted and unquoted investments	13,250	10,976	13,250	10,976
	Interest on Government Securities	2,369,701	890,879	2,369,701	890,879
	Interest on placement	810,098	833,857	662,620	728,108
	Interest on statutory deposit	21,954	24,852	21,954	24,852
		3,215,002	1,760,564	3,067,525	1,654,815
34 (ii)	Profit on investment contract:				
	Interest Income	15,799	8,806	15,799	8,806
	Guaranteed interest	(119,534)	(208,185)	(119,534)	(208,185)
		(103,735)	(199,379)	(103,735)	(199,379)

34 (iii)	Other operating income				
	Gains/(loss) on sales of shares	-	(3,586)	-	(3,586)
	Profit/(loss) on disposal of property and equipment	135	(504)	135	(1,355)
	Sundry revenue	43,890	119,664	43,890	119,664
	Rental income	31,102	34,819	12,060	391
	Restaurant Operations	9,730	57,691	-	-
	Other income	54,182	33,443	42,874	7,658
	Total other operating income/(loss)	139,038	241,527	98,959	122,772
		GROUP		COMPANY	
		31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
35	Other operating income	N'000	N'000	N'000	N'000
	Share of profit of equity accounted investee	484,311	481,699	484,311	481,699
		484,311	481,699	484,311	481,699
36	Impairment (charge)/ write back				
	Impairment charges is made up of the following:				
	Loans on policies	6,068	(8,000)	6,068	(8,000)
	Available-for-sale financial assets	27,040	59,625	27,040	59,625
	Other receivables	57,713	-	57,713	-
	Due from related companies	-	-	-	-
	Investment in subsidiaries	-	-	-	-
	Impairment charge	90,821	51,625	90,821	51,625
37	Net fair value gains/(loss) at				
	Financial assets at fair value through profit or loss	(12,098)	(20,635)	(12,098)	(20,635)
	Net fair value gains on investment properties	725,646	279,890	556,900	180,834
		713,547	259,256	544,801	160,199
38	Administrative expenses				
	Staff cost	(644,666)	(623,270)	(410,920)	(454,218)
	Contributions to defined contribution plans	(48,234)	(39,133)	(23,233)	(23,390)
	Changes in liability for defined benefit plan	(13,340)	(44,001)	(13,340)	(44,001)
	Other staff costs	(106,398)	(272,826)	(53,798)	(233,796)
	Directors fees	(113,221)	(73,321)	(85,150)	(47,500)
		(925,858)	(1,052,552)	(586,441)	(802,905)
39	Other operating expenses				
	Bank charges	(75,103)	(40,279)	(42,921)	(25,531)
	Other charges and expenses	(622,020)	(523,763)	(400,378)	(405,382)
	General maintenance and running costs	(263,870)	(248,211)	(162,968)	(181,634)
	Legal and professional fees	(91,982)	(82,478)	(80,262)	(72,123)
	NAICOM supervision fees	(123,584)	(129,927)	(123,584)	(129,927)
	Depreciation	(275,372)	(261,361)	(94,240)	(89,569)
	Amortisation of Intangible Assets	(7,859)	(8,307)	(7,859)	(8,307)
	Cost of sales - Restaurant	(4,582)	(27,458)	-	-
	Direct operating cost - Air freight	(1,308)	(10,731)	-	-
	Other operating expenses	(1,465,680)	(1,332,516)	(912,212)	(912,474)
40	Income tax expense				
	Company income tax (note 26)	56,745	102,706	52,270	94,696
	Information Technology Tax	38,080	1,166	38,080	-
	Deferred tax expense (note 27)	245,592	93,363	180,278	65,825
	Release for the year (note 27)	-	-	-	-
	Income tax expense	340,417	197,236	270,628	160,520

		GROUP			COMPANY	
41	Earnings per share	31-Dec-2016	31-Dec-2015		31-Dec-2016	31-Dec-2015
	Basic earnings per share	14.68	(24.00)		17.18	(23.11)
	The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares					
	Weighted average number of ordinary shares					
	Issued ordinary shares as at 1 January	20,585,000,000	20,585,000,000		20,585,000,000	20,585,000,000
	Weighted average number of ordinary shares	20,585,000,000	20,585,000,000		20,585,000,000	20,585,000,000

42 Related parties

42.1 Conau Limited

The company is the major shareholders in African Alliance Insurance Plc. It has about 50% of the share capital of African Alliance Insurance Plc. The company obtained power of attorney by a resolution of the board of directors to act and carry out business activities on behalf of the company in the purchase of investments and other transactions during the private placement of the company in April 2008. This power of attorney is now cancelled and title to investments made are in various stages of transfer to the company.

Assets with Conau Limited

On 2 April, 2008, sequel to the conclusion of the private placement embarked upon by the company, the Board of Directors granted a Power of Attorney to Conau Limited to carry out investments in assets on behalf of the company. Based on this, Conau Limited invested in the following entities but in its own name:

Description	Amount N'000
Offshore:	
- Ghana Life Insurance Company Limited, Accra, Ghana	1,000,000
- 2 Nos Presidential Mansion (House NO. 4 & 9) AU Village, Accra, Ghana	132,000
- 4 Bedroom Town House, Cantonment Area, Accra, Ghana	54,000
- Building at 17, Plot 32a Aviation Road, Accra, Ghana	214,000
- Additional cash injection- Ghana Life Insurance Company Limited, Accra, Ghana	15,000
- First Ghana Building Company Limited, Adabrata, Accra Central Area, Ghana	120,000
- Paramount Hotel, Dome Junction, Accra, Ghana	45,000
Investment propeties:	
- Land at Pankere Village, Abijo, Ibeju Lekki	2,000,000
- Plot C4, Rumuogba Layout, Aba road, Port Harcourt	500,000
- 5 Nos Duplexes at Plot 2220 Suez Canal Crescent Sani Abacha Estate, Abuja	600,000
Other Investments:	
- Importation of Nail Producing equipment	175,000

Status of Perfection of Title:

- For the Ghana Life Insurance Company Limited, title has been transfered and properties in Ghana now in Ghana Life name. The financial statements of Ghana Life Insurance is consolidated to the group.

- For the investment, IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants have gotten surveys and are now processing the C of O in the name of African Alliance Insurance Plc for two outstanding investment properties.

The directors believe that the ultimate costs for perfecting these titles will not impact on the operations of the company.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42.2 Axiom Air Limited

The company was incorporated on the 17 July 2008 to carry on the business of airline owners and managers; to provide air transport for public use; to provide all necessary and or desirable services incidental to the aforementioned object, including booking, reservation, routing and ticketing services, baggage management, in-flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

42.3 Universal Insurance Plc

Universal Insurance Plc is a related company. Conau Limited has interest in both African Alliance Insurance Plc and Universal Insurance Plc as majority shareholder. Also, the companies have shareholding interest in each other.

42.4 Frenchies Foods Nigeria Limited

This is a wholly owned subsidiary of the company. It was purchased from the former owners in the month of June 2008. The company is in the business of restaurant and catering services.

42.5 Related party transactions

A number of transactions are entered into with related parties in the normal course of business. Such transactions are as stated below:

Related party	Transaction	Amount
Axiom Air Limited	Payment of audit fees	N 1.5million
Frenchies Foods	Govt. Fees & Charges & other expe	N 2.65million

42.6 Transactions with key management personnel

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

Key management personnel compensation for the period comprised:				
	GROUP		COMPANY	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
	N'000	N'000	N'000	N'000
Short-term employee benefits	53,204	63,732	53,204	63,732
	53,204	63,732	53,204	63,732
Employees and directors				
a. Employees				
The average number of persons employed by the Company during the year was as follows:				
	2016	2015	2016	2015
	Number	Number	Number	Number
Executive directors	5	5	3	3
Management	9	13	6	6
Non-management	131	197	79	78
	145	215	88	87

Compensation for the above staff (excluding executive directors):

	₦'000	₦'000	₦'000	₦'000
Salaries and wages	644,666	623,270	357,716	390,486
Retirement benefit costs	61,573	83,135	36,573	67,392
Medical	75,568	253,250	44,314	221,996
Staff training	8,567	11,070	7,187	9,690
	790,374	970,724	445,790	689,563

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits), were:

	2016	2015	2016	2015
	Number	Number	Number	Number
Less than N800,001	0	0	0	0
N800,001 - N2,000,000	19	19	19	19
N2,000,001 - N2,800,000	37	36	37	36
N2,800,001 - N3,500,000	6	6	6	6
N3,500,001 - and Above	17	17	17	17
	79	78	79	78

	GROUP		COMPANY	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
b. Directors	N'000	N'000	N'000	N'000
Remuneration paid to the Company's directors (excluding pension contribution) was:				
	₦'000	₦'000	₦'000	₦'000
Fees and sitting allowances	85,150	47,500	85,150	47,500
Executive compensation	53,204	63,732	53,204	63,732
Other director expenses	0	0	0	-
	138,354	111,232	138,354	111,232
Fees and other emoluments disclosed above include amounts paid to:				
The chairman	20,000	2,000	20,000	20,000
The highest paid director	25,242	25,242	25,242	25,242

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	2016	2015	2016	2015
	Number	Number	Number	Number
Below N3,400,000	-	-	-	-
N3,400,000 - and above	3	3	3	3
	3	3	3	3

43 Contraventions:

During the year the company was penalised by the National Insurance Commission (NAICOM) for the contravention of certain sections of the Insurance Act and certain circulars as issued by the NAICOM. Details of the contraventions and the related penalties paid are as stated below:

Description of contravention	Section	Penalties paid N'000
Late submission of quarterly returns	S. 26 & prg 1.1	520
Late submission of audited accounts	S. 26 (3)	485
		1,005

Also, the company paid the sum of N12 Million to the Nigerian Stock Exchange for late submission of accounts.

44 (i) Subsequent events review

There were no post balance sheet events which could have had material effect on the state of the company's financial position since the reporting date of 31 December, 2016 and the state of the comprehensive income for the year ended on that date which might require adjustments or disclosure in the financial statements.

44 (ii) Prior Period Adjustment

During the period, the Deposit Administration Fund statements were reconciled and agreed with the clients. A net reconciliation difference of N591.769 Million was recognised on the balances due to fund owners. The net impact of these transactions to the retained earnings is N591,769,300 (Five hundred and ninety one million, seven hundred and sixt nine thousand three hundred naira only), and has been adjusted as prior year adjustments in the Statements of Changes in Equity.

45 Going concern

The company made a profit after tax of ₦3.537 Billion for the year ended 31 December 2016 (2015: ₦4.757 Billion - Loss). The operating profit mainly resulted from the improved performance from investment income and comparative reduction in technical provisions and estimates made for insurance and investment contract liabilities as at year end.

As of that date, the total admissible assets of the Company less the net insurance and investment contract liabilities was a deficit of ₦2.233 Billion, (2015: ₦4.817 Billion). The shareholders fund was ₦3.602 Billion, (2015: ₦613.107 Million). The company also recorded a negative Solvency Margin of ₦2.607 Billion (2015; ₦5.727 Billion). This is below the minimum regulatory capital of ₦2 Billion required by the National Insurance Commission (NAICOM) for life insurance business. These constitute non-compliance with the regulatory capital requirements. The continuation of the Company's operation is dependent on the ability to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligation as they fall due.

These conditions indicate the existence of a material uncertainty that may cast doubts on the company's ability to continue as a going concern or realize its assets and discharge its obligations in the normal course of business. This posisiton is an improvement from the prior year situation. The board of directors and management have concluded plans to commence a process to divest from all non-performing investments to free up cash and impairment charges made on the investment balances as well as reinvest in more viable ventures.
They belief that the Company will continue as a going concern and that the plans agreed upon will be successfully executed. The financial statements have therefore, been prepared using the basis of accounting policies applicable to a going concern.

46 Embedded Value Disclosure

The Embedded Value is a globally accepted measure in the insurance industry of Shareholders Worth which recognizes the peculiarities of insurance business and allows for these in the determination of the "value" of the business. It is usual in developed territories for the Embedded Value to be disclosed in addition to the main financial statements of insurance companies. Effective from 31 December 2015 the embedded value calculation for Nigerian insurers has become a mandatory disclosure for the financial statements. This report can be used to meet this requirement.

There are no specific guidelines or rules as to how the assumptions must be set or calculations performed. The methodology adopted has paid due regard to international best practices, using deterministic approaches.

The embedded value is made up of:

- Shareholders assets – or capital – invested in the Life operations at the valuation date. This is also known as the Net Asset Value (NAV). In Nigeria this includes all "required" capital. Deductions should be made to allow for any costs associated with holding the required capital.

- The expected future shareholder transfers (profit) arising from the business in force at the valuation date (the Value of In-force or VIF).

The Value of In-force is expected to capture "Covered Business" only, being business in force at the valuation date. Specifically, new business is excluded from the EV, where new business includes any business transaction requiring a new insurance contract. We interpret group life to be new business each year as it is re-priced and terms agreed on an annual basis and thus group life business has not been included in the value-of-in-force.

Embedded Value result

The following table shows the embedded value as at 31 December 2016:

	31-Dec-2016	31-Dec-2015
	N'000	N'000
Net Asset Value (NAV)	3,602,630	551,453
Value of In-force	950,627	1,208,363
Less Cost of Capital	-	-
Embedded Value	4,553,257	1,759,816
% of NAV	126.4%	319.1%

The actuary certifies that the estimated Shareholders' Life Business Embedded Value at 31st December 2016 is N4.553 Billion; (2015: N1.76 Billion), which is 126.4% (2015: 319.1%) higher than the Net Asset Value.

The firm of HR Nigeria Limited, an actuarial service organisation did the Embedded Value of life insurance portfolio for the reporting period. The reports were authorised by Mr. Okpaise Olurotimi Olatokumbo, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738)

REVENUE ACCOUNT

For the period ended 31 December 2016

	GROUP LIFE	INDIVIDUAL LIFE	ANNUITY	TAKAFUL & ESUSU	DEC. 2016 TOTAL	DEC. 2015 TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
Gross Premium written	729,260	1,225,098	10,246,119	762,936	12,963,414	14,210,615
Gross Premium Income	1,184,059	1,225,098	10,246,119	762,936	13,418,213	13,672,443
Reinsurance Expense	(8,923)	(1,990)	-	-	(10,913)	(40,910)
Net Premium Income	1,175,136	1,223,109	10,246,119	762,936	13,407,301	13,631,533
Fees and Commission income	12,839	506	-	-	13,345	12,368
NET UNDERWRITING INCOME	1,187,975	1,223,614	10,246,119	762,936	13,420,645	13,643,901
Insurance benefits					-	-
Claims expenses	(668,828)	(697,257)	(4,290,500)	(910,868)	(6,567,454)	(4,775,350)
Reinsurance claims	9,455	-	-	-	9,455	6,574
Changes in contract liabilities			(4,786,979)		(4,786,979)	(12,910,422)
Net claims expenses	(659,373)	(697,257)	(9,077,479)	(910,868)	(11,344,977)	(17,679,198)
Underwriting Expenses:					-	-
Acquisition expenses				-	-	-
Maintenance expenses	(223,022)	(313,563)	(360,477)	(54,621)	(951,683)	(1,117,875)
	(223,022)	(313,563)	(360,477)	(54,621)	(951,683)	(1,117,875)
Underwriting Profit/(Loss)	305,581	212,794	808,163	(202,553)	1,123,985	(5,153,172)
Investment income attributable to policyholders fund	67,171	42,415	2,836,116	36,997	2,982,699	1,761,537
Underwriting Results	372,751	255,209	3,644,279	(165,556)	4,106,684	(3,391,634)

AFRICAN ALLIANCE INSURANCE PLC								
STATEMENT OF VALUE ADDED								
For the period ended 31 December 2016								
	GROUP				**COMPANY**			
	Dec- 2016	**%**	**Dec- 2015**	**%**	**Dec- 2016**	**%**	**Dec- 2015**	**%**
Underwriting income	14,691,782	261%	14,412,660	-449%	13,420,645	274%	13,643,901	-388%
Re-insurance, claims and commission & others	(12,316,879)	-219%	(19,425,970)	605%	(11,589,074)	-237%	(18,737,460)	533%
Investment and other income	3,250,306	58%	1,802,713	-56%	3,062,749	63%	1,578,209	-45%
Value added	5,625,210	100%	(3,210,596)	100%	4,894,320	100%	(3,515,350)	100%
Applied to pay:								
Staff and other Costs	925,858	16%	1,052,552	-33%	586,441	12%	802,905	-23%
Government as tax	340,417	6%	197,236	-6%	270,628	6%	160,520	-5%
Retained in the business:								
Depreciation and amortisation	283,230	5%	269,669	-8%	102,099	2%	97,876	-3%
Retained profit/(loss) for the period	3,021,445	54%	(4,941,299)	154%	3,537,386	72%	(4,757,340)	135%
Fair value reserves	687,568	12%	61,441	-2%	44,027	1%	38,582	-1%
Contingency reserve	366,692	7%	149,806	-5%	353,739	7%	142,106	-4%
Value added	5,625,210	100%	(3,210,596)	100%	4,894,320	100%	(3,515,350)	100%

FIVE YEAR FINANCIAL SUMMARY - GROUP					
For the period ended 31 December:-					
STATEMENT OF FINANCIAL POSITION			GROUP		
	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6,423,424	3,801,053	2,434,395	1,707,104	883,726
Financial Assets	24,076,158	18,910,682	11,209,586	5,846,470	2,237,893
Trade Receivables	170,660	59,962	74,213	54,181	30,119
Reinsurance Assets	76,772	34,339	25,869	16,733	27,710
Deferred Acquisition Cost	15,717	7,392	917	173	444
Other Receivables	506,884	887,084	377,852	324,113	226,560
Investment in subsidiaries	-	-	-	-	-
Investment in Associates	1,562,131	1,455,120	1,229,554	1,062,455	684,375
Investment Properties	7,627,590	6,900,430	6,610,976	6,042,924	5,927,000
Deferred Tax Assets	26,247	29,141	34,305	28,015	38,025
Intangible Asset	58,433	65,792	48,597	29,958	13,331
Property Plant and Equipment	4,474,022	4,496,135	4,551,019	4,174,162	3,949,005
Statutory Deposits	313,407	224,211	219,144	218,347	200,000
Total Assets	45,331,445	36,871,341	26,816,429	19,504,635	14,218,188
Liabilities					
Insurance Contract Liabilities	31,634,602	26,683,090	13,000,343	7,066,878	2,948,308
Investment Contracts Liabilities	4,819,629	4,408,274	4,446,262	3,812,220	3,313,719
Borrowings	68,218	25,564	34,452	15,852	127,054
Trade Payable	1,183,351	1,594,059	472,456	653,690	218,777
Other payables	527,249	478,637	436,367	458,680	591,066
Retirement Benefits obligations	70,736	83,570	121,821	128,815	186,241
Income Tax liabilities	359,112	289,539	204,462	182,367	171,250
Deferred tax liabilities	923,562	680,865	592,666	437,631	360,079
Total Liabilities	39,586,459	34,243,599	19,308,829	12,756,132	7,916,494
Equity					
Issued and paid Share capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contigency Reserves	834,464	467,772	317,966	209,401	112,808
Retained earnings	(22,634,734)	(24,697,716)	(19,606,612)	(20,038,420)	(20,172,432)
Assets Revaluation reserves	2,457,317	2,281,904	2,188,312	1,919,888	1,703,684
Translation Reserve	430,305	(81,850)	(49,699)	-	-
Shareholders funds	5,744,986	2,627,742	7,507,600	6,748,503	6,301,694
Total liabilities & Reserves	45,331,445	36,871,341	26,816,429	19,504,635	14,218,188
	(0)	(0)	(0)	(0)	(0)
		GROUP			
STATEMENT OF COMPREHENSIVE INCOME	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Gross premium written	14,713,600	14,442,436	10,802,772	7,275,079	3,332,966
Premium earned	14,678,438	14,400,292	10,732,198	7,195,937	3,290,309
Profit before taxation	3,361,861	(4,744,063)	710,930	1,462,405	(152,402)
Taxation	(340,417)	(197,236)	(224,957)	(57,725)	(162,970)
Profit after taxation	3,021,445	(4,941,299)	485,973	1,404,679	(315,372)
Transfer to contingency reserve	366,692	149,806	108,565	73,418	33,922
Retained earining	3,709,013	(4,879,858)	704,699	1,417,628	(302,201)
Earnings per share	14.68	(24.00)	2.36	6.82	(1.53)

FIVE YEAR FINANCIAL SUMMARY - COMPANY					
For the period ended 31 December:-					
STATEMENT OF FINANCIAL POSITION			COMPANY		
	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6,359,790	3,771,636	2,409,614	1,663,292	879,308
Financial Assets	23,584,249	18,529,386	10,806,897	5,575,614	2,237,893
Trade Receivables	-	-	-	-	-
Reinsurance Assets	76,772	34,339	25,869	16,733	27,710
Deferred Acquisition Cost	15,717	7,392	917	173	444
Other Receivables	739,536	1,142,935	596,257	473,000	309,458
Investment in subsidiaries	1,498,999	1,357,558	1,357,558	965,475	4,013,053
Investment in Associates	1,562,441	1,455,430	1,229,864	1,062,765	849,061
Investment Properties	6,616,999	6,058,586	5,868,188	5,642,612	5,927,000
Deferred Tax Assets	24,551	24,551	24,551	24,551	38,025
Intangible Asset	28,023	33,636	30,296	12,002	13,331
Property Plant and Equipment	647,313	662,964	639,347	422,191	340,501
Statutory Deposits	200,000	200,000	200,000	200,000	200,000
Total Assets	41,354,390	33,278,414	23,189,358	16,058,408	14,835,783
Liabilities					
Insurance Contract Liabilities	30,104,525	25,774,605	12,243,182	6,298,177	2,948,308
Investment Contracts Liabilities	5,411,398	4,408,273	4,446,262	3,812,220	3,313,719
Borrowings	-	-	-	-	116,308
Trade Payable	923,974	1,413,614	322,880	626,728	95,567
Other payables	291,182	275,967	172,812	124,262	153,918
Retirement Benefits obligations	39,624	52,458	73,695	94,181	142,715
Income Tax liabilities	285,240	224,970	149,069	150,571	150,318
Deferred tax liabilities	695,696	515,418	449,594	367,888	320,631
Total Liabilities	37,751,639	32,665,307	17,857,493	11,474,028	7,241,484
Equity					
Issued and paid Share capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contigency Reserves	776,326	422,588	280,482	179,165	112,808
Retained earnings	(22,149,513)	(24,741,391)	(19,841,945)	(20,432,438)	(17,343,214)
Assets Revaluation reserves	318,305	274,277	235,695	180,020	167,071
Shareholders funds	3,602,751	613,107	5,331,865	4,584,379	7,594,299
Total liabilities & Reserves	41,354,390	33,278,414	23,189,358	16,058,408	14,835,783
	(0)	(0)	(0)	(0)	0
			COMPANY		
STATEMENT OF COMPREHENSIVE INCOME	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Gross premium written	13,418,213	13,672,443	10,078,060	6,568,953	3,332,966
Premium earned	13,407,301	13,631,533	10,011,954	6,492,574	3,290,309
Profit before taxation	3,808,015	(4,596,819)	764,481	(2,961,882)	196,995
Taxation	(270,628)	(160,520)	(134,320)	(60,984)	(160,689)
Profit after taxation	3,537,386	(4,757,340)	630,161	(3,022,867)	36,306
Transfer to contingency reserve	353,739	142,106	101,318	66,356	33,922
Retained earining	3,581,414	(4,718,758)	685,836	(3,009,918)	49,477
Earnings per share	17.18	(23.11)	3.06	(14.68)	0.18

OFFICE ADDRESSES

HEAD OFFICE
61, Marina, Lagos,
Lagos Island
Tel: 08170874923, 08141346731

ASPAMDA
God's Favour Plaza,
Behind Zone C8, Last Floor,
Aspamda. Tel: 07032432769
TRADE FAIR COMPLEX
Tel: 01-4543634

ABA
1, Jubilee Road
Aba
Tel: 082-290974

ABAKALIKI
85 Afikpo Road
Abakaliki
Tel: 08060394020,
08037726197

ABUJA
79, Adetokunbo
Ademola Crescent,
Wuse II Abuja
Tel: 09-7805807
08066521309

ASABA
455 Nnebuis Road
Asaba
Tel: 08052502929

BENIN
140, New Lagos Road
Benin City
Tel: 052-290598
08057047907

CALABAR
Plot 38, MCC
(Anasa) Road
Calabar
Tel: 087-291121
08026208433
07046109862

ENUGU
4 Ridge Way/Station Road
State Secretariat, GRA
Enugu
Tel: 042-293787, 08182744930
07037211932

IBADAN
1, Adekunle Fajuyi Road Dugbe,
Federal Mortgage Bank Building. Ibadan
Tel: 08052233313, 02-2914330

IKEJA
107, Allen Avenue
Ikeja, Lagos
Tel: 01- 4540592

ILUPEJU/TAKAFUL
34, Association Avenue
Ilupeju, Lagos
Tel: 09093302157, 01- 4545832

JOS
22, Ahmadu Bello Way
Opp. AP Filling Station
Jos
Tel: 07032697411

KADUNA
1st Floor 5D Kanta Road,
EK House Kaduna
Tel: 08027899740,
062-887047

KANO
13a, Umma Dantata House,
Murtala Mohammed Way, Kano
Tel: 08065496784, 064-431993

ONITSHA
2nd Business Park Enugu Road
GRA By Central Police Station.
Tel: 046-283776-7, 08039366367

PORT HARCOURT
245 Aba Road
Tel: 08054979109
084-778542, 07039558890

UYO
6, Aka Itiam Street
off Oron Road
Uyo


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MANDATE FORM

13th of December, 2017

The Registrars
Mainstreet Bank Registrars Limited
No 2A, Gbagade Expressway,
Anthony Village, Lagos.

Dear Sir,

Mandate Form for E-Bonus and E-Dividend

I/We hereby mandate you to include my/our shareholding in The African Alliance Insurance Plc. among the e-bonus beneficiaries for future bonus issues. My/our Shareholding particulars are:

Surname ______________________________

Other Name ______________________________

Address ______________________________

Signature ______________________________

Telephone ______________________________

CSCS Clearing House No. ______________________________

Account Number ______________________________

Note: please ensure that names are identical with those on you Share Certificates.

I/We will also like to receive ny/our future dividends directly into my/our bank account electronically through e-dividend. My/Our bank account details are as stated below:

Bank ______________________________

Branch ______________________________

Account Number ______________________________

Bank Sort Code

Yours Faithfully,

CSCS ACCOUNT NOTIFICATION

The Registrar

Mainstreet Bank Registrars Limited,
2,Gbagada Expressway,
Anthony Village,
Lagos.

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in the companies as indicated in the right hand column

Personal Data

Surname ____________________

Other Names ____________________

Address ____________________

____

____

Mobile Phone ____________________

Email ____________________

Shareholder's Signature

1. ____________________

2. ____________________

____

Corporate Seal/ Stamp (for Corporate Shareholders)

CSCS Details
Stockbroker

Clearing House Number ____________________

____

Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.

AFRICAN ALLIANCE
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ADMISSION FORM

Please Admit

Shareholder's full name

To be completed in advance by Shareholder or his duly appointed proxy to the Annual General Meeting of THE AFRICAN ALLIANCE INSURANCE PLC. which will be held at the...

1. The admission card must be produced by the Shareholder or his proxy to obtain entrance to the meeting.

2. Shareholders or proxies are requested to sign the admission card before the meeting.

Number of shares held ______________________________________
[To be completed by the Company's Officials]

G.N. ....
[Company Secretary]

THE AFRICAN ALLIANCE INSURANCE PLC

Annual General Meeting holding at the---

--------------------13th December, 2017

Number of Shares held ______________________________________
[To be completed by the Company's Officials]

Shareholder's full name ______________________________________
[To be completed in advance ny Shareholder]

____
Signature of person attending
[To be signed in the presence of the Company's Official at the entrance of the Hall]

PROXY FORM

AFRICAN ALLIANCE INSURANCE PLC.
PROXY CARD

49th Annual General Meeting of AFRICAN ALLIANCE INSURANCE PLC will be held at UNIVERSAL HOTEL AT PLOT 3, AGULERI STREET, INDEPENDENCE LAYOUT, ENUGU, ENUGU STATE ON THURSDAY 13th December, 2017 at 10:00am to transact the following businesses.

I/We ______________________________
(Name Of Shareholder In Block Letters)

of ______________________________

being a member/members of AFRICAN ALLIANCE INSURANCE PLC hereby appoint

____

____

falling him, Chief Engr. Cyril U. Ajagu as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of African Alliance Insurance Plc. on the 29th day of November, 2017, or at any adjournment hereof.

The manner in which the Proxy is to vote should be indicated by inserting "X" in the appropriate space.

NUMBER OF SHARES		
RESOLUTION	FOR	AGAINST
1. To receive the Report of the Directors and the Audited Financial Statements for the years ended December 31, 2015 and December 31, 2016, together with the reports of the Auditors and the Audit Committee thereon.		
2. To re-elect Directors as follows: (I) To Re-elect Mr. Anthony Okocha who was appointed as non-executive Director in accordance with Article 125 of the Articles of Association of the Company which provides for retirement by rotation.		
3. To approve the remuneration of Directors.		
4. To ratify the appointment of the Audit firm of Akintola Williams Deloitte as the Company's Auditors.		
5. To authorize the Directors to appoint and fix the remuneration of the Auditors.		
6. To elect members of the Audit Committee.		

Dated this............................day of 2017

Shareholder's Signature(s) ______________________________

BEFORE POSTING/SUBMITTTING THE ABOVE FROM PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

ADMISSION CARD

Annual General Meeting to be held at 10:00 am 13th day of December, 2017 at the Universal Hotel ?Independence Layout Enugu, Enugu State

A Member (Shareholder) who unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The above for has been prepared to enable you to exercise our right to vote in case you cannot personally attend the Meeting.

NUMBER OF SHARES

Please sign the above Proxy Form, have it duly stamped by The Commissioner of Stamp Duty and post/submit it, so as to reach the address overleaf not later than 48 hours before the time for holding the Meeting.

If executed by a corporation, the Proxy Form should be sealed with the Corporation's Common Seal.

IMPORTANT

The name of the Shareholder must be written in **BLOCK CAPITALS** on the Proxy Form where marked. This Admission Form must be produced by the Shareholder or his Proxy who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.

Signature of person attending ______________________________