



UNAUDITED INTERIM FINANCIAL REPORT

FOR THE PERIOD ENDED

30TH JUNE 2018



NEM HOUSE
199, Ikorodu Road, Obanikoro
P. O. Box 654, Marina, Lagos.
Tel: 01-4489560-9
Customer Service Centre: 01-4489570-2
E-mail: nem@nem-insurance.com
Website: www.nem-insurance.com

Dr. Fidelis Ayebae (Chairman), Tope Smart (Group Managing), Yakasai Ahmed (Independent), Yinka Aletor (Non-Executive), Ede Dafinone, (Non-Executive) Abisola Giwa-Osagie (Deputy Managing) Alani Olojede (Executive)

● NIGERIA

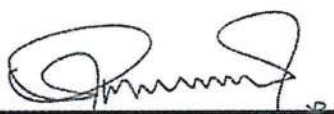
● GHANA

NEM INSURANCE PLC

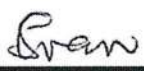
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2018

	NOTES	Jun-18 N'000	Dec-17 N'000
Assets			
Cash and Cash equivalents	1	3,057,690	3,325,340
Financial Assets	2	6,878,978	5,916,920
Trade receivables	3	-	723,535
Reinsurance assets	4	2,382,458	2,382,458
Deferred Acquisition cost	5	832,386	587,244
Other Receivables and Prepayments	6	1,511,506	183,755
Investment in an Associate	7	392,501	392,501
Investment in a Subsidiary	7a	217,500	142,500
Investment Properties	8	676,555	676,555
Statutory Deposit	9	320,000	320,000
Intangible asset	10	-	10,270
Property and equipment		3,080,271	2,861,500
Deferred Tax asset	11	83,305	83,305
Total assets		19,433,150	17,605,884
Liabilities			
Insurance contract liabilities	12	7,001,656	6,518,667
Trade payables	13	107,033	73,694
Other payables	13.1	774,360	604,712
Retirement benefit obligations	14	55,816	91,910
Income tax liability	15	757,674	560,622
Deferred tax liability	15	-	-
		8,696,539	7,849,605
Equity			
Issued share capital	16	2,640,251	2,640,251
Share premium	17	272,551	272,551
Contingency reserve	18	3,154,568	3,154,568
Retained earnings	19	4,657,361	3,677,029
Available for sale reserve	20	(128,734)	(128,734)
Other Res.-employee benefit act.surplus	21	140,614	140,614
total Equity		10,736,611	9,756,280
Total equity and liabilities		19,433,150	17,605,885

These accounts were signed by the director and Chief Financial Officer stated below on 17/07/2018



 Mr. Tope Smart (GMD/CEO)
 FRC/2013/CIIN/00000001331



 Miss. Stella Omoraro (CFO)
 FRC/2013/ICAN/00000001238

NEM INSURANCE PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH JUNE, 2018

		2ND QTR 2018	2ND QTR 2017	CURRENT YEAR	PRIOR YEAR
		APRIL- JUNE 2018	APRIL-JUNE 2017	TO 30/06/2018	TO 30/06/2017
	Notes	N'000	N'000	N'000	N'000
Gross premiums written	22	3,482,479	2,929,602	9,155,529	8,117,491
Decrease/(Increase) in unearned income		(1,224,926)	961,084	(1,914,045)	(1,597,951)
Gross premiums earned	22	2,257,553	3,890,686	7,241,484	6,519,540
Reinsurance expenses	23	(1,102,464)	(1,246,375)	(2,829,195)	(2,158,083)
Net premiums income		1,155,089	2,644,311	4,412,289	4,361,457
Fee and commission income	24	252,867	194,528	640,349	429,595
Net underwriting income		1,407,956	2,838,839	5,052,638	4,791,052
Claims expenses	25	670,771	(805,161)	(135,789)	(365,254)
Underwriting expenses	26	(814,179)	(1,012,674)	(2,131,400)	(1,898,308)
Underwriting profit		1,264,548	1,021,004	2,785,449	2,527,490
Investment Income	27	222,152	193,012	358,197	260,852
Fair value (loss)/gain	28	-	-	-	-
Other income	29	5,001	7,225	14,849	13,960
Profit /(loss) on disposal of Assets		-	-	-	-
Other operating and admin. Expenses	31	(596,533)	(458,865)	(1,373,426)	(1,324,470)
Profit before tax		895,168	762,376	1,785,069	1,477,832
Income taxes	15.2	(138,751)	(118,168)	(276,686)	(229,064)
Profit after tax		756,417	644,208	1,508,383	1,248,768
Other Comprehensive Income				-	-
Fair value loss on Available for sale	21	-	-	-	-
Actuarial profit on defined benefit plan	22	-	-	-	-
		756,417	644,208	1,508,383	1,248,768

NEM INSURANCE PLC

UNDERWRITING RESULT PER CLASS OF BUSINESS
FOR THE PERIOD ENDED 30TH JUNE, 2018

	MOTOR N'000	MARINE N'000	FIRE N'000	GEN.ACCID N'000	OIL & GAS N'000	TOTAL N'000	Jun-17 N'000
Direct Business Premium	2,858,130	693,503	1,898,069	1,598,172	1,924,818	8,972,692	7,907,174
Reinsurance Inward	30,552	27,579	104,878	18,376	1,452	182,837	210,318
Gross Premium	2,888,682	721,082	2,002,947	1,616,548	1,926,270	9,155,529	8,117,492
(Increase)/Decrease in Unexpired Risk	(501,424)	(35,576)	(319,648)	(151,705)	(905,691)	(1,914,044)	(1,597,952)
Gross Premium Earned	2,387,258	685,506	1,683,299	1,464,843	1,020,579	7,241,485	6,519,540
Reinsurance Expenses	(10,944)	(373,684)	(1,257,100)	(762,775)	(424,691)	(2,829,194)	(2,158,082)
Net Premium Earned	2,376,314	311,822	426,199	702,068	595,888	4,412,291	4,361,458
Commission Received	2,648	90,150	346,374	201,177	-	640,349	429,595
Total Income	2,378,962	401,972	772,573	903,245	595,888	5,052,640	4,791,053
Direct Claim Paid	(1,293,830)	(151,576)	(592,997)	(660,228)	(235,080)	(2,933,711)	(1,907,983)
Increase/Decrease in prov.for O/S Claims	277,747	59,291	496,925	559,166	37,927	1,431,056	454,759
Gross Claim Paid	(1,016,083)	(92,285)	(96,072)	(101,062)	(197,153)	(1,502,655)	(1,453,224)
Reinsurance Claim Recovery	48,420	187,616	758,784	372,045	-	1,366,865	1,087,969
Net Claim Incurred	(967,663)	95,331	662,712	270,983	(197,153)	(135,790)	(365,255)
Underwriting Expenses	(791,215)	(244,213)	(403,393)	(427,020)	(265,559)	(2,131,400)	(1,898,308)
Total Deduction	(1,758,878)	(148,882)	259,319	(156,037)	(462,712)	(2,267,190)	(2,263,563)
Underwriting Profit	620,084	253,090	1,031,892	747,208	133,176	2,785,450	2,527,490

Notes to the Financial Statements

1 CASH AND CASH EQUIVALENTS

	2018 N'000	2017 N'000
Cash and bank balances	979,674	1,060,850
Deposit/Bank acceptances	2,078,016	2,264,490
	<u>3,057,690</u>	<u>3,325,340</u>

2 FINANCIAL ASSETS

The financial assets are as summarised below:

	2017 N'000	2017 N'000
Financial assets at fair value through prof	1,449,504	1,347,461
Fair value through other compr.income	5,254,539	4,388,095
Held to maturity	174,935	181,365
	<u>6,878,978</u>	<u>5,916,920</u>

3 TRADE RECEIVABLES

Opening Balance	723,535	668,040
Gross Premium written during the period	9,155,529	13,416,270
Premium received in the period	(9,879,064)	(13,360,775)
Closing balance	<u>-</u>	<u>723,535</u>

4 REINSURANCE ASSETS

Opening Balance	2,382,458	1,725,098
For the year reinsurance assets	-	657,360
Transfer to Impairment	-	-
	<u>2,382,458</u>	<u>2,382,458</u>

5 DEFERRED ACQUISITION COST

At January	587,245	488,195
Acquisition during the quarter	1,566,074	2,664,169
Apportionment during the quarter	(1,320,933)	(2,565,119)
	<u>832,386</u>	<u>587,245</u>

6 OTHER RECEIVABLES AND PREPAYMENT

Prepayments	41,795	9,559
Accrued Income	-	86,197
Deposit for software	2,500	2,500
Other debtors	1,426,312	-
Other receivables	40,899	85,498
	<u>1,511,506</u>	<u>183,755</u>

7a. INVESTMENT IN ASSOCIATE

Cost of Investment	392,501	193,308
Addition during the year	-	27,692
Share of Associate profit	-	171,501
Investment in subsidiary	<u>392,501</u>	<u>392,501</u>

7b. INVESTMENT IN SUBSIDIARY

As at 1 January	142,500	142,500
Addition in the year	75,000	-
Transfer to Associate	-	-
	<u>217,500</u>	<u>142,500</u>

8 INVESTMENT PROPERTIES

Opening Balance	676,555	442,558
Addition	-	259,668
Revaluation(loss)/ gain	-	(25,671)
Closing Balance	<u>676,555</u>	<u>676,555</u>

Investment properties are held at fair value, which has been determined based on valuations performed independent valuations performed by independent valuation experts, Diya Fatimilehin & Co. property plaza, Muri Okunola Street, Victoria Island

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

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

9 STATUTORY DEPOSIT

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

	320,000	320,000
10 INTANGIBLE ASSET		
Cost		
At January 1,	61,596	58,329
Addition	-	3,267
Written off	-	-
Reclassification from non-current asset	-	-
As at Dec. 31	<u>61,596</u>	<u>61,596</u>
Amortisation		
At January 1,	51,326	50,673
Written off	-	-
Amortisation during the year	<u>10,270</u>	<u>653</u>
As at Dec. 31	<u>61,596</u>	<u>51,326</u>
Net Book Value	<u>-</u>	<u>10,270</u>

12 INSURANCE CONTRACT LIABILITIES

Outstanding Claims reserve	1,850,747	1,592,296
Incurred but not reported	<u>(206,407)</u>	<u>1,483,100</u>
Total outstanding Claims(including IBNR)	1,644,340	3,075,396
Unearned premium Reserve	<u>5,357,316</u>	<u>3,443,271</u>
	7,001,656	6,518,667

13 TRADE PAYABLES

	107,033	73,694
--	---------	--------

OTHER PAYABLES

Accruals	120,000	149,043
Unclaimed Divided payable	287,636	287,636
Other Creditors	<u>366,724</u>	<u>168,033</u>
	<u>774,360</u>	<u>604,712</u>

13.1 OTHER CREDITORS

Frontline Trust	289,630	70,430
NEM Assets Management Ltd	12,934	24,776
FSDH	-	6,995
Information technology levy	34,443	65,269
Union Dues	581	-
NHF	1,818	-
Provision for Leave allowance	7,508	-
Personal Retirement Scheme	3,730	-
P A Y E	2,952	-
NEM Cooperative	11,940	-
Honda Motor Spare parts	1,188	-
Deferred income	-	563
	<u>366,724</u>	<u>168,033</u>

14 RETIREMENTS BENEFITS OBLIGATIONS

As at January 1,	91,910	84,824
Addition	(36,094)	7,086
Gain-employee benefit actuarial surplus	-	-
Gratuity	<u>55,816</u>	<u>91,910</u>

15 TAXATION

15.1 Per Financial Position

At January 1,	560,622	426,473
Income tax for the year	276,686	345,584
Paid during the year	(79,634)	(211,435)
At December, 31	<u>757,674</u>	<u>560,622</u>

15.2 Per Income Statement

Income tax	(246,251)	243,897
Education tax	(30,435)	35,098
Prior year under-adjustment	0	66590
	(276,686)	345,585
Deferred tax	-	(26,086)
	<u>(276,686)</u>	<u>319,499</u>

15.3 DEFERRED TAX

At January 1,	83,305	(57,220)
Charge for the year	-	(26,086)
	<u>83,305</u>	<u>(83,305)</u>

16 ISSUED SHARED CAPITAL

Authorised share:

8,400,000,000 ordinary shares of 50k each	<u>4,200,000</u>	<u>4,200,000</u>
---	------------------	------------------

ordinary shares issued and fully paid:

At January 1, 5,280,502,913 ordinary shares of 50k each

At December 31,	<u>2,640,251</u>	<u>2,640,251</u>
-----------------	------------------	------------------

17 SHARE PREMIUM

	<u>272,551</u>	<u>272,551</u>
--	----------------	----------------

Premium from the issue of shares are reported in share premium

18 CONTINGENCY RESERVE

As at January 1,	3,154,568	2,599,514
Transfer from retained earnings	-	555,054
	<u>3,154,568</u>	<u>3,154,568</u>

Contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium

19 RETAINED EARNINGS

As at 1 January	3,677,028	1,891,400
profit for the year	980,333	2,763,122
Transfer to contingency reserve		(555,054)
dividend paid		(422,440)
	<u>4,657,361</u>	<u>3,677,028</u>

Retained earnings consist of undistributed profits/loss from previous years

20 AVAILABLE FOR SALE RESERVE

Opening Balance	<u>(128,734)</u>	(138,249)
Fair value loss	-	9,515
	<u>(128,734)</u>	<u>(128,734)</u>

The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale. Any gains or losses are not recognised in the comprehensive income statements until the asset has been sold or impaired.

21 OTHER RESERVE

Opening Balance	140,614	166,499
(Loss)/Gain during the year	-	(25,885)
	<u>140,614</u>	<u>140,614</u>

This represents actuarial gains on employee retirement benefit

22 GROSS PREMIUM WRITTEN

The analysis of gross premium by business class is as follows:

Fire	1,898,069	1,799,308
------	-----------	-----------

Oil and Gas	1,924,818	755,821
General accident	1,598,172	1,741,032
Marine	693,503	736,732
Motor	2,858,130	2,874,281
Inward reinsurance	182,837	210,318
Gross premium written	<u>9,155,529</u>	<u>8,117,492</u>
(Increase) in unearned premium	(1,914,045)	(1,597,952)
Gross premium income	7,241,484	6,519,540
Re-insurance Outward	<u>(2,829,194)</u>	<u>(2,158,082)</u>
	4,412,290	4,361,458
23 RE-INSURANCE EXPENSE		
Motor	(10,944)	9,175
Marine	(373,685)	340,326
Fire	(1,257,100)	665,046
General accident	(762,775)	577,845
Oil and Gas	(424,691)	565,690
	<u>(2,829,195)</u>	<u>2,158,082</u>
24 FEE AND COMMISSION INCOME		
Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review		
Motor	2,648	1,686
Marine	90,150	86,426
Fire	346,374	183,574
General accident	201,177	157,909
Oil and Gas	-	-
	<u>640,349</u>	<u>429,595</u>
25 CLAIMS EXPENSES		
The analysis of claim expenses by business class is as follows:		
Motor	(967,663)	(945,104)
Marine	95,331	326,796
Fire	662,712	113,278
General accident	270,984	38,394
Oil and Gas	(197,153)	101,381
	<u>(135,789)</u>	<u>(365,255)</u>
Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.		
26 UNDERWRITING EXPENSES		
Commission expense	(1,320,933)	1,209,029
Maintenance expense	(810,467)	689,281
	<u>(2,131,400)</u>	<u>1,898,310</u>
26.1 COMMISSION EXPENSE		
The analysis of commission expenses by business class is as follows:		
Motor	442,714	333,714
Marine	142,904	140,222
Fire	298,032	370,546
General accident	264,927	307,352
Oil and Gas	172,355	57,195
	<u>1,320,932</u>	<u>1,209,029</u>
26.2 MAINTENANCE EXPENSE		
Motor	348,501	296,391
Marine	101,308	86,160
Fire	105,361	89,607
General accident	162,093	137,856
Oil and Gas	93,204	79,267
	<u>810,467</u>	<u>689,281</u>
Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost and insurance supervision levy. Underwriting expenses for insurance contracts are recognised as expense when incurred		
27 INVESTMENT INCOME		
Dividend income	77,499	69,184
Interest from fixed deposit	247,614	171,710
Interest from Held to Maturity	5,589	-
Interest from statutory deposit	27,495	19,958
	<u>358,197</u>	<u>260,852</u>

28 FAIR VALUE GAIN THROUGH PROFIT OR LOSS		
Fin. assets at fair val throu p.or l at beg of the yr	(1,449,504)	(820,809)
Addition during the year	-	-
	<u>(1,449,504)</u>	<u>(820,809)</u>
Fin. assets at fair val throu p.or l at end of the yr	1,449,504	820,809
	-	-

29 OTHER INCOME

Sundry Income	8,165	943
Rental Income	6,684	13,017
	<u>14,849</u>	<u>13,960</u>

30 OTHER OPERATING & ADMINISTRATIVE EXPENSES

Auditors Remuneration	-	3,800
Employee Benefits	(623,374)	607,985
Other Management Expenses	(547,848)	538,560
Depreciation & Amortisation of Int. Assets	(202,204)	174,125
	<u>(1,373,426)</u>	<u>1,324,470</u>

11)

11. FIXED ASSET SCHEDULE

	Land & Building Under Const-Oniru N'000	Land & Building N'000	Partitioning N'000	Plant & Machinery N'000	Motor Vehicle N'000	Furniture & Fittings N'000	Office Equipment N'000	Total N'000
At 1st January 2018	839,874	1,516,629	284,379	144,140	489,229	134,776	364,453	3,773,480
Additions	60,000		-	5,440	337,359	916	6,990	410,705
Reclassification								
Disposal/Transfer								-
At 31st June, 2018	899,874	1,516,629	284,379	149,580	826,588	135,692	371,443	4,184,185
Depreciation/Amortisation								
At 1st January 2018	-	90,439	168,562	92,935	267,608	81,833	210,603	911,980
Charge for the year		15,166	28,438	14,958	82,659	13,569	37,144	191,934
Depreciation on Disposal								-
At 31st June, 2018	-	105,605	197,000	107,893	350,267	95,402	247,747	1,103,914
Net Book Value								
At 31st June, 2018	899,874	1,411,024	87,379	41,687	476,321	40,290	123,696	3,080,271
At 31st December, 2017	839,874	1,426,190	115,817	51,205	221,621	52,943	153,850	2,861,500

NEM INSURANCE PLC

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE, 2018

	Jun-18 N'000	Dec-17 N'000
Cash flow from Operating Activities		
Premium received from policy holders	6,115,112	13,360,775
Reinsurance premium paid	(2,829,194)	(3,373,580)
Fees and Commission Received	640,349	658,353
Direct Claims Paid	(2,933,711)	(5,011,489)
Claims Received from Reinsurers	1,366,865	2,831,102
Commission Paid	(1,320,933)	(2,664,169)
Maintenance Expense paid	(810,467)	(1,599,056)
Cash paid to and on behalf of Employees	(623,374)	(1,346,838)
Other operating expense paid	(1,373,426)	(1,231,885)
Company Income Tax Paid	(79,634)	(211,435)
	<u>(1,848,413)</u>	<u>1,411,777</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of financial assets - FVPL	(61,816)	(5,000)
Short term placement above 90 days	2,217,303	(1,386,112)
Proceed from Redemption of HTM	5,834	11,343
Purchase of HTM	-	-
Investment Income received	358,197	709,944
Purchase of investment property	-	(36,405)
Investment in Associate	-	(27,692)
Purchase of intangible asset	-	(3,267)
Purchase of plant and equipment	(410,705)	(386,476)
Proceeds from disposal on PPE	-	1,063
Net cash outflow for investment activities	<u>2,108,813</u>	<u>(1,122,602)</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividends paid to equity holders of the parents	(528,050)	(422,440)
Unclaimed Dividend received	-	(5,970)
Net cash outflow for financing activities	<u>(528,050)</u>	<u>(428,410)</u>
Total cash (outflow)/inflow	<u>(267,650)</u>	<u>(139,235)</u>
Cash and cash equivalent at January 1	<u>3,325,340</u>	<u>3,464,575</u>
Cash and cash equivalent at Dec. 31	<u>3,057,690</u>	<u>3,325,340</u>
Represented by:		
Cash and cash equivalent at Dec. 31	<u>3,057,690</u>	<u>3,325,340</u>

STATEMENT OF CHANGE IN EQUITY

	<i>Issued</i> Share Capital	Share Premium	Retained Earnings	AFS Reserve	Other Reserves	Contingency Reserves	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1, 2018	2,640,251	272,551	3,677,029	(128,734)	140,614	3,154,568	9,756,280
Profit for the year	-	-	1,508,383	-	-	-	1,508,383
Transfer to Contingency reserves	-	-	-	-	-	-	-
Other Comprehensive Income							
Actuarial gain on defined benefit plan							
Gains on revaluation of investment propty	-	-	-			-	
Distribution to owners							
Dividend paid during the year			(528,050)				(528,050)
As at 30th June, 2018	2,640,251	272,551	4,657,362	(128,734)	140,614	3,154,568	10,736,613
As at December 31, 2017	2,640,251	272,551	3,677,029	(128,734)	140,614	3,154,568	9,756,280