Seeing Possibilities

ARM Life Plc Annual Report 2015

ARM Life Plc

RC. 58532

Contents

Overview

Brief History of ARM Life

ARM Life provides risk underwriting for group businesses and individuals in Nigeria, offering mainly life insurance products and services.

ARM Life was incorporated in November 1983 as First Nigeria Life Insurance Company, a wholly owned Nigerian company. It obtained its certificate of registration as an insurer in November 1983.

The company commenced operations in October 1989, and in 1998 changed its name to Equity Life Insurance Company Limited, as a result of the acquisition of its majority shares by Equity Insurance Plc.

The company subsequently changed its name to CrystaLife Assurance in 2008 following a dilution of the shares of Equity Insurance Plc, which was a result of the 2007 insurance sector consolidation. In February 2010, the company became a Public Limited Liability Company.

Following ARM's acquisition of majority (52.2%) stake in the company, both the Corporate Affairs Commission and the National Insurance Commission certified the change of the company's name to ARM Life Plc in July 2013.

The ARM Group's objective is to position ARM Life as the dominant Life insurance business in the Nigerian Market.

First Nigeria Life Insurance Company ▶ Equity Life Insurance Company Limited ▶ CRYSTALIFE ▶ ARM LIFE

About ARM Life

Its parent company, ARM is one of the largest non-bank financial services firms in Nigeria with a focus on asset management. Established in 1994, ARM started operations as a traditional asset management company specializing in the management of quoted equities and fixed income securities.

ARM Life is a life insurance company with a vision to be a leading provider of protection and wealth creation solutions in Nigeria. The company is licensed and regulated by the National Insurance Commission of Nigeria (NAICOM) to underwrite life, annuity and health insurance. Its overarching objective is to be a trusted partner to our clients, creating unmatched value by providing effective protection and wealth creation solutions.

Notice of 18th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of **ARM Life Plc.** (the "Company") will be held at The Darlington Hall, Plot CDE Industrial Crescent, off Town Planning Way, Ilupeju, Lagos, Nigeria on Wednesday, November 9, 2016 at 11.00 a.m. to transact the following businesses:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2015 and the Reports of the Directors and Auditors thereon.
2. To re-elect Directors.
3. To authorise the Directors to appoint Auditors for the financial year ending December 31, 2016 and to fix the Remuneration of the Auditors.
4. To elect members of the Audit Committee.

Special Business

5. To ratify the appointments of Dr. Femi Oyetunji as a Director of the Company.

6. To ratify the appointment of Mr. Sadiq Mohammed as a Director of the Company.

7. To consider and if thought fit pass the following resolutions which shall be proposed as Special resolutions:

   7.1 "That the authorised share capital of the Company be and is hereby increased from ₦5,000,000,000.00 (Five Billion Naira) to ₦10,000,000,000 (Ten Billion Naira) by the creation of an additional 10,000,000,000 (Ten Billion) ordinary shares of 50 Kobo each ranking parri-passu in all respects with the existing ordinary shares of the Company."

   7.2 "That the Directors be and are hereby authorized to raise whether by way of an offer for subscription, special placing, rights issue or other methods or combination of methods, additional capital by way of issuance of ordinary shares, preference shares, convertible or non-convertible loans, stocks, medium term notes, bonds or other securities, in such tranches, series or proportions, at such coupons or interest rates within such maturity period and on such terms and conditions, including the provision of security for repayment, as the Directors may deem fit or determine, subject to obtaining the requisite regulatory approvals"

   7.3 "That the Directors of the Company be and are hereby authorised to enter into any agreement and/or execute any document necessary to or incidental to giving effect to the above resolutions."

   7.4 "That the Directors of the Company be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of the regulatory authorities"

8. To consider and if thought fit pass the following resolutions which shall be proposed as Special resolutions:

   8.1 That the Memorandum of Association of the Company be and is hereby amended by deleting Clause 6 of the Memorandum and substituting it with the following new clause:

   "The authorised share capital of the Company is ₦10,000,000,000 (Ten Billion Naira) divided into 20,000,000,000 ordinary shares of 50 kobo (Fifty Kobo) each."

8.2 That the Articles of Association of the Company be amended by deleting Articles 37, 38, 39 and 40 which provide as follows:

"i. Article 37: Subject to the provisions hereinafter contained shares in the company shall be transferrable by written instrument of transfer. The instrument of transfer of any share in the company shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

ii. Article 38: Without prejudice to the power of the company to register as shareholder any person to whom the right to any shares in the company has transmitted by operation of law, no transfer of shares in the company shall be registered unless and until a proper instrument of transfer has been delivered to the company.

iii. Article 39: The Directors may decline to recognize any instrument of transfer unless:

a. A fee as the Director may from time to time determine is paid to the company in respect thereof;

b. The instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and

c. The instrument of transfer is in respect of only one class of shares.

iv. Article 40: The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year."

Proxy
A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All instruments of proxy should be completed and deposited at the office of the Company's Registrars, Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time of holding the meeting.

A proxy need not be a member of the Company. A proxy form is printed at the back of the Audited Financial Statements.

Audit Committee
As stipulated by Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, any member may nominate a Shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

Audited Financial Statements
Copies of the Audited Financial Statements of the Company shall be available at www.armlife.com.ng and the under listed locations:

i. Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, Lagos;
ii. ARM Life Living Benefits Center, 22 Funsho Williams Avenue, Alaka, Surulere, Lagos;
iii. ARM Life Living Benefits Center, 95B Opebi Road, Ikeja, Lagos;
iv. ARM Life Living Benefits Center, Prime Plaza, Plot 187, Ademola Adetokunbo Crescent Abuja;
v. ARM Investment Center, 86 Adeniran Ogunsanya, Surulere, Lagos;

vi. ARM Investment Center, 68C Coker Road, Ilupeju, Lagos;
vii. ARM Investment Center, 139 Murtala Mohammed Way, Onitsha;
viii. Asset & Resource Management Company Limited, 129 Adetokunbo Ademola Crescent Abuja; and
ix. Asset & Resource Management Company Limited, 12 Circular Road Presidential Estate, GRA Phase II, Port Harcourt.

Dated this 18th Day of October, 2016

By Order of the Board

ARM TRUSTEES LIMITED

ARM Trustees Limited
COMPANY SECRETARY

Corporate Information

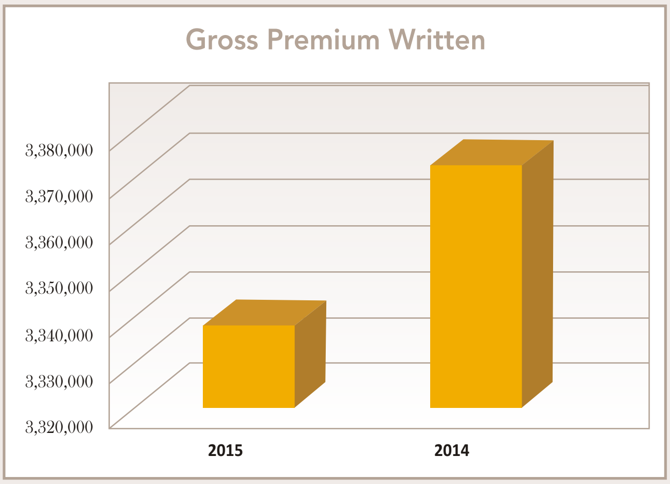
Name of Directors	Dapo Oshinusi	-	Chairman
	Balamurli Krishnan	-	Ag. Managing Director
	Anthony Ikpea	-	Non-Executive Director
	Jumoke Ogundare	-	Non-Executive Director
	Dominic Liber	-	Non-Executive Director
	Femi Oyetunji	-	Non-Executive Director
	Sadiq Mohammed	-	Non-Executive Director
	Oladimeji Alo	-	Non-Executive Director (Independent)
	Mr. Teju Ogunjimi	-	Resigned November 30, 2015
Registered Office	22 Funsho Williams Avenue Surulere Lagos		
RC Number	58532		
FRC Number	FRC/2013/0000000000538		
Company Secretary	ARM Trustees Limited FRC/2013/00000000001331 1, Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos		
Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos Tel: (01) 2718955 www.kpmg.com.ng		
Major Bankers	Guaranty Trust Bank Plc Access Bank Plc Skye Bank Plc Unity Bank Plc Sterling Bank Plc First Bank of Nigeria Limited Heritage Bank Limited		
Actuary	HR Nigeria Limited AIICO Plaza Afribank Street, Victoria Island, Lagos www.hractuaries.com		

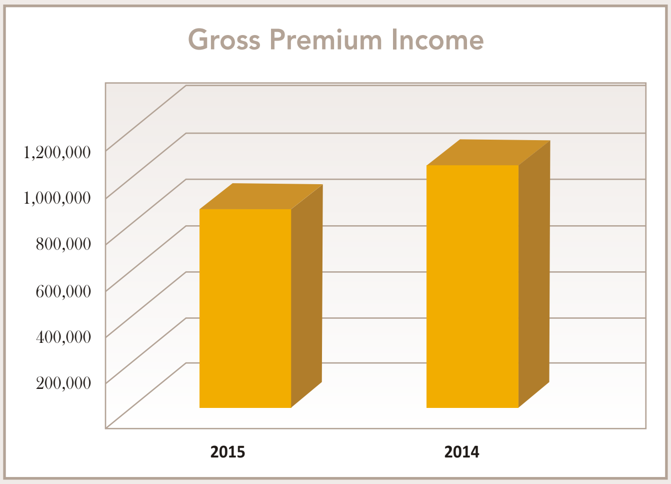
Reinsurers	Africa Reinsurance Corporation Africa Re Building Plot 1679 Karimu Kotun Street Victoria Island www.africa-re.com Continental Reinsurance Plc St. Nicholas House (8th Floor) 6, Catholic Mission Street, Lagos Island www.continental-re.com
Registrar	Africa Prudential Registrars Plc 220B, Ikorodu Road Palmgrove, Lagos www.apregistrars.com

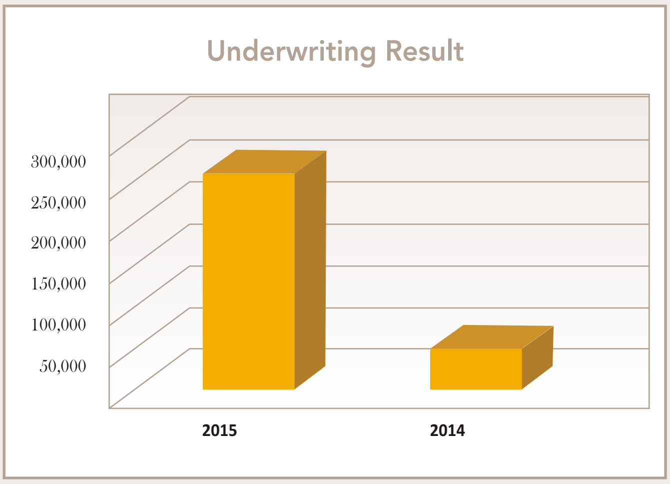
Result at a Glance

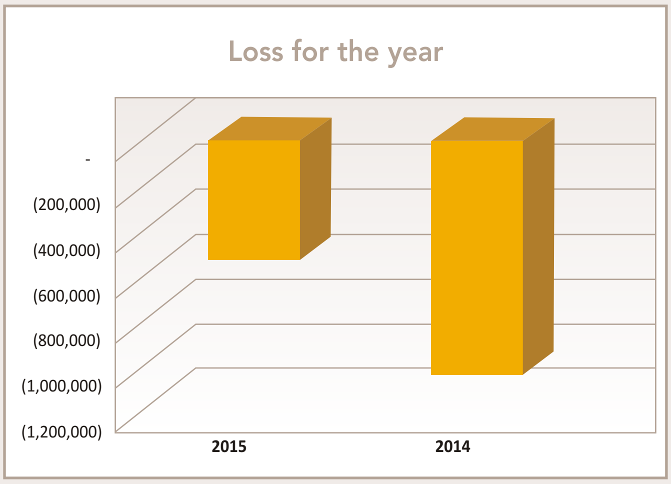
	2015 ₦	2014 ₦	Changes
Comprehensive income statement			
Gross premium written	3,337,916	3,372,602	-1%
Gross premium Income	862,700	1,060,627	-19%
Net premium income	705,148	863,225	-18%
Underwriting result	259,898	51,383	406%
Investment and other income	374,231	238,574	57%
Loss before tax	(493,928)	(902,935)	-45%
Loss for the year	(529,245)	(1,042,428)	-49%
Statement of Financial Position			
Total assets	10,083,867	7,887,380	28%
Insurance contract liabilities	6,281,648	3,863,945	63%
Investment contract liabilites	1,410,007	882,217	60%
Total liabilites	8,343,821	5,598,199	49%
Shareholders' funds	1,740,046	2,289,181	-24%
Loss per share (kobo)	(9)	(18)	

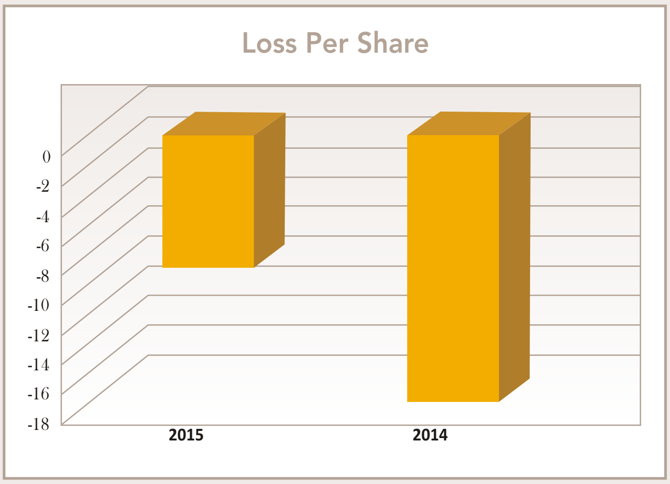
Financial Highlights

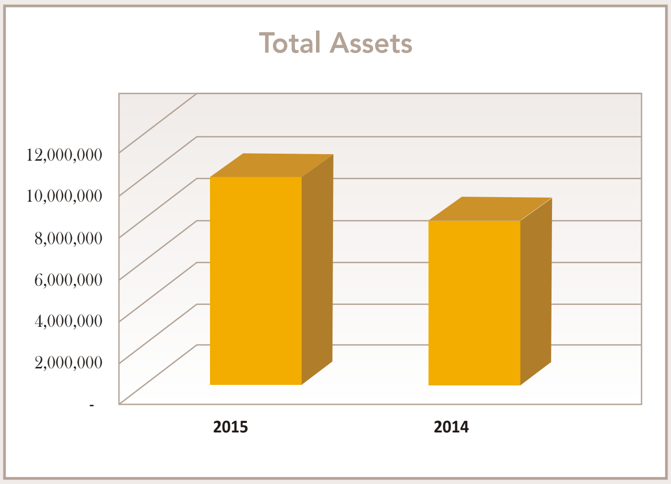












Chairman's Statement

Dear Shareholders,

I am pleased to welcome you to the 18th Annual General Meeting of ARM Life Plc and present the key activities and operating results of our Company for the financial year ended December 31, 2015. The year 2015 has been a demanding and eventful one as the economy continued its decline caused by reduced oil revenues, currency fluctuations, lower government spending and inconsistent policies, amongst others. Nevertheless, ARM Life has made modest progress on improving its productivity since the last financial year. I hereby present a brief summary of our operating environment and a summary of our Company's performance for the year ended December 31, 2015.

Review of the Operating Environment

Global output growth slowed to a five-year low in 2015 as only a few countries shouldered the burden of positive growth impetus. Over the course of the year, the IMF revised its global growth projections downwards thrice, eventually settling at 3.1%, the lowest growth recorded since the 2009 financial crisis. The subdued pace of growth reflects deceleration of economic activities in Emerging Markets, which weighed on import demand, as well as slow recovery in Developed Markets.

On the domestic front, GDP growth slowed to 3.9% year-on-year, driven mainly by a 43% drop in Brent crude oil prices over the previous year, and recession in the manufacturing sector on the back of sustained currency pressures

The year 2015 has been a demanding and eventful one as the economy continued its decline caused by reduced oil revenues, currency fluctuations, lower government spending and inconsistent policies, amongst others. Nevertheless, ARM Life has made modest progress on improving its productivity since the last financial year.

which drove up the cost of imported raw materials. The drop in oil prices was made manifest in 2015 with the trade balance swinging into negative territory.

Headline Inflation year on year trended upwards and exceeded CBN's target of 9% closing the year at 9.6% in December 2015. Despite numerous calls for further Naira devaluation, the CBN retained the exchange rate at ₦197.00/$1 and implemented several foreign exchange demand management policies including the suspension of 41 items from all official FX markets in June 2015 which triggered volatility in the parallel market.

Over the course of 2015, the Nigerian All Share Index (NSEASI) declined 17% year on year. The poor performance reflects the impact of a subdued macroeconomic environment punctuated by the bearish trend in crude oil prices. Disaggregating the sector-wide performances, the decline was driven mainly by the ICT, conglomerates, construction and financial services sectors, whilst agriculture, services and oil and gas helped offset some of the negative impacts.

The fixed income market acted much the same as its equity counterparts, with the treasury yield curve declining 6.71% points on average over 2015. Although the markets showed some relief after the peaceful conclusions of the elections, risk sensitivity picked up as lack of clarity about the new administration's fiscal and monetary policy – especially towards currency – kept investors on the short end, eventually leading to Nigeria being delisted from JP Morgan's EMI Bond Index.

The Insurance Sector

Currently, the sector has a penetration rate of 0.4%. While this is far below more developed peers in the African region, it validates the prospects for growth we foresee in the industry and the potential to significantly grow from a low base.

The National Insurance Commission (NAICOM) within the period changed mantle of leadership with a new Commissioner for Insurance coming on board with an agenda to mainly continue and reinforce ongoing initiatives that had started and those which for one reason or the other have been delayed or have not been implemented properly.

Particularly, the Market Development and Restructuring Initiative (MDRI) would be continued largely because it was designed to help the penetration of insurance and is still poised to achieve a lot on that front. The regulator is making progress in

We expect to see further mergers and acquisition activities in Nigeria's insurance market in the near future as smaller domestic firms struggle to raise capital, to meet their capital adequacy requirements.

ensuring a healthy industry by revising the sector capitalization model from a compliance-based to a risk-based solvency supervision model, which means that insurance companies intending to insure business in the peak risk portfolios must have sufficient financial resources to meet their obligations with respect to those insured.

We expect to see further mergers and acquisition activities in Nigeria's insurance market in the near future as smaller domestic firms struggle to raise capital, to meet their capital adequacy requirements. The potential consolidation of the industry should provide an opportunity for investors and new entrants looking to gain a foothold in the Nigerian insurance market.

Our Performance

In line with the slowdown in macroeconomic activities in 2015, the company achieved gross premium written of ₦3.33 billion for the year ended 31st December 2015 as against ₦3.37 billion recorded for 2014, representing a slight decrease of 1% over the previous year. However, claims incurred on insurance contracts for the year shrank 53% to ₦321 million and lower underwriting expense underpinned an expansion in underwriting profit to ₦260 million from ₦51 million in 2014. Supported by an investment income of ₦295 million, your company recorded a three-fold increase in net income to ₦649 million. The improvement in our core operating business helped drive a moderation in loss before tax to ₦494 million from ₦903 million in 2014.

Board of Directors

In the course of the year, the erstwhile Managing Director, Mr. Teju Ogunjimi, retired from the Company. On behalf of the Board and Shareholders, I would like to acknowledge his contributions to the Company, while also expressing our appreciation and gratitude for the services rendered. We wish him well in his future endeavors. Also, two members of the Board of Directors, Dr. Oladimeji Alo and Mr. Anthony Ikpea will be seeking reelection in the Annual General Meeting on the completion of their initial terms on the Board.

Looking Ahead

With renewed commitments and reignited focus, we remain strongly focused on ARM Life's strategic objective to dominate the retail environment while growing policyholders' funds profitably. This stems from anticipated recovery in economic activities in the medium term, spiral effects to be seen across employment rates and income levels and the regulator's commitment towards ensuring a healthy industry by encouraging best practices amongst industry participants.

The implementation of our strategic objective will be brought to bear through a combination of key action plans including a focus on product and service innovation to enhance value for our customers, focus on improving companywide business processes with the corporate transformation project, enhancing our cross-selling capabilities to take advantage of group wide internal strengths and opportunities, and an uplift of the company's brand visibility to support mass market efforts.

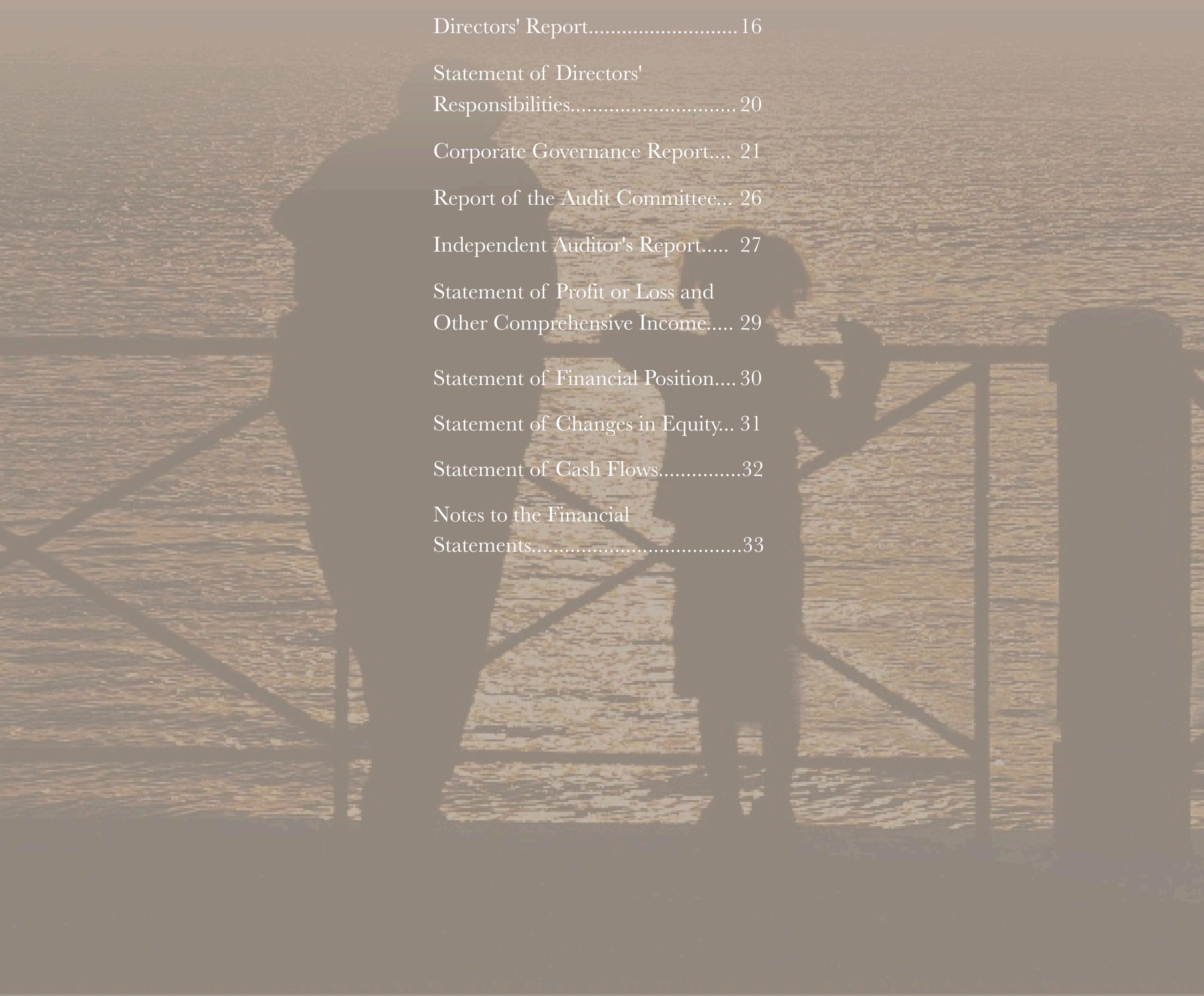
2015 has been a year of progress, both strategically and operationally, and we will continue into the next year. We have an exciting but challenging year ahead of us and we commit to delivering sustainable growth in a changing and competitive business environment.

On behalf of the Board, I would like to thank our employees and management team for their considerable efforts in the past year. Also, our sincere thanks and appreciation go to you, our Shareholders for your continued and unwavering support as we continue to secure our future success with deliberate actions today.

Thank you for your kind attention.

Dapo Oshinusi
Chairman

Financial Statements
31 December 2015
Together with
Directors' and Auditors' Reports



Directors' Report

For the year ended 31 December 2015

The directors are pleased to present their report on the affairs of ARM Life Plc, together with the audited financial statements and the auditor's report for the year ended 31 December 2015.

Legal form and principal activity

ARM Life Plc was incorporated in Nigeria on 10 November 1983 under the Companies and Allied Matters Act as First Nigeria Life Insurance Company. The Company obtained its certificate of registration as an insurer in November 1983. It commenced operations in October 1989 and changed its name in 1998 to Equity Life Insurance Company Limited. In 2008, the Company changed its name to CrystaLife Assurance Plc and became a Public Limited Liability Company in February 2010. Following the acquisition of majority shareholding by Asset & Resource Management Company Limited, the Company changed its name and corporate identity to ARM Life Plc in July 2013.

Effective 1 January 2015, the Company transferred the shares held by Asset & Resource Management Company Limited in ARM Life Plc to ARM Traditional Asset Management Company Limited.

The address of its registered office is 22, Funsho Williams Avenue, Alaka, Surulere, Lagos.
The principal business of the Company is providing risk underwriting, annuities and claims settlement for group businesses and individuals in Nigeria. ARM Life is authorised and regulated by the National Insurance Commission (RIC No 012).

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

	31-Dec-2015	31-Dec-2014
	₦'000	₦'000
Gross premium written	3,337,916	3,372,602
Loss before taxation	(493,928)	(902,935)
Taxation	(35,317)	(139,493)
Loss after taxation	(529,245)	(1,042,428)
Transfer to contingency reserve	(33,379)	(33,726)
Retained deficit for the year	(562,624)	(1,076,154)
Retained deficit beginning of year	(3,057,976)	(1,981,822)
Retained deficit end of year	(3,620,600)	(3,057,976)
Loss per share – basic and diluted	(9)	(18)

Directors and their interests

The directors of the Company who held office during the year were as follows:

Dapo Oshinusi	-	Chairman	
Teju Ogunjimi	-	Managing Director	(resigned with effect from November 30, 2015)
Balamurli Krishnan	-	Ag. Managing Director	(appointed November 30, 2015)
Anthony Ikpea	-	Non-Executive Director	
Jumoke Ogundare	-	Non-Executive Director	
Dominic Liber	-	Non-Executive Director	
Femi Oyetunji	-	Non-Executive Director	(appointed March 26, 2015)
Sadiq Mohammed	-	Non-Executive Director	(appointed March 26, 2015)
Oladimeji Alo	-	Non-Executive Director	(Independent)

Directors shareholding

The following directors have direct/indirect shareholding in the Company:

	Direct Shareholding		Indirect Shareholding	
	Number of 50k ordinary shares held		Number of 50k ordinary shares held	
	2015	**2014**	**2015**	**2014**
Teju Ogunjimi	100,000	100,000	-	-
Anthony Ikpea	-	-	600,000,000	600,000,000
Sadiq Mohammed and Jumoke Ogundare	-	-	3,614,000,000	3,614,000,000

Major shareholding

According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2015:

	2015	2015	2014	2014
	No. of Shares ₦'000	% Holding	No. of Shares ₦'000	% Holding
ARM Traditional Asset Management Company	3,614,000	62.46%	3,614,000	62.46%
Platinum Capital Limited	1,000,000	17.28%	1,000,000	17.28%
Cashcraft Asset Management Limited	600,000	10.37%	600,000	10.37%

Analysis of shareholding

The analysis of the distribution of the shares of the Company at the end of the financial year is as follows:

Share range	No. of Shareholders	% of Holdings	No. of Holdings
Local Shareholders			
1 - 500,000,000	211	10	571,672,000
500,000,000 - 1,000,000,000	2	28	1,600,000,000
1,000,000,000 - Above	1	62	3,614,000,000
Total	214	100	5,785,672,000

Directors' interest in contracts

None of the directors has notified the Company, for the purpose of section 277 of the Companies and Allied Matters Act, of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 25 to the financial statements.

Donations and charitable gifts

The Company made no donations during the year. (2014: ₦25,000)

Employment of disabled persons
The Company operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees. During the year under review, there was no disabled person in the Company's employment.

Health, safety and welfare of employees
The Company's employees are adequately insured against occupational hazards. In addition, medical facilities at specified limits are provided to employees and their immediate families at the Company's expense.

Employee training and development
The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through regular meetings between management and staff of the Company. Furthermore, the Company provides training and development opportunities for its employees within and outside the shores of Nigeria.

Gender analysis
The number and percentage of male and female employed during the financial year vis-à-vis total workforce was as follows:

31 December 2015	**Male Number**	**Female Number**	**Male Percentage**	**Female Percentage**
Employees	64	53	55%	45%
Gender analysis of the board and top management is as follows:				
Board	7	1	88%	12%
Top Management	3	1	75%	25%
Detailed analysis of the top management is as follows:				
Managing Director	1	0	100%	0%
General Manager	2	0	100%	0%
Deputy General Manager	0	1	0%	100%

31 December 2014	**Male Number**	**Female Number**	**Male Percentage**	**Female Percentage**
Employees	113	62	65%	35%
Gender analysis of the board and top management is as follows:				
Board	6	1	86%	14%
Top Management	4	1	80%	20%
Detailed analysis of the top management is as follows:				
Managing Director	1	0	100%	0%
Executive Director	1	0	100%	0%
General Manager	2	0	100%	0%
Deputy General Manager	0	1	0%	100%

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

Regulatory Capital
The Company incurred a loss of ₦529,245,000 (2014: ₦1,042,428,000) for the year ended 31 December 2015 and as of that date, the Company had a shareholders' funds of ₦1,740,046,000 (2014: ₦2,289,181,000) which is below the minimum regulatory capital requirement of N2 billion for Life Business operations. The loss was expected based on the new financial projections prepared upon the take over of the Company by ARM Traditional Asset Management Company. The new financial projections took into account the strategic thrust of the Company in the bid by the new investors to re-position it as a leading insurance company in the retail market space. However, the ability of the Company to continue to take on new businesses is significantly hinged on the successful recapitalisation of the Company to meet the minimum capital requirements of the Insurance Act. Despite the losses made, the Company was able to generate revenue and cash flows to settle its current liabilities in the normal course of business.

Subsequent to year end, the majority shareholder of the Company, ARM Traditional Asset Management Company Limited, transferred ₦400 million to the Company being an injection of additional capital by way of a Rights Issue. For further information, the unaudited statement of financial position as at 30 June 2016, as prepared under the responsibility of management, includes total equity amounting to N2,059,509,000.

Based on the foregoing, the directors confirm the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements are prepared on the going concern basis.

Events after reporting date
On 23 February 2016, the Company received an additional ₦400 million from the majority shareholder, ARM Traditional Asset Management Company Limited via a Rights Issue. The Rights Issue was performed to meet the minimum capital requirement as stipulated by the National Insurance Commission. For further information, the unaudited statement of financial position as at 30 June 201 6, as prepared under the responsibility of management, includes total equity amounting to ₦2,059,509,000.

Auditors
KPMG Professional Services have indicated their willingness to continue in office as auditors. In accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, a resolution will be proposed at the annual general meeting to re-appoint them and to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

ARM TRUSTEES
LIMITED

ARM Trustees Limited
Company Secretary
FRC/2013/00000000001331
1, Mekunwen Road
Off Oyinkan Abayomi Drive Ikoyi, Lagos
4 August 2015

Statement of Directors' Responsibilities

in relation to the financial statements for the year ended 31 December 2015

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission regulations.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria 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.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Jumoke Ogundare (Director)	Sadiq Mohammed (Director)
FRC/2013/IODN/00000003767	FRC/2013/IODN/00000001877
4 August 20 16	4 August 2016

Corporate Governance Report

a. Introduction

ARM Life Plc has in place an effective governance mechanism that ensures proper over-sight of its business by the directors and other principal organs of the Company, and also carries on its business in a manner that engenders public trust and confidence while meeting the expectations of all stakeholders.

In pursuit of this objective, we consistently reappraise our processes to ensure that the Company operates in line with the global standards of corporate governance at all times.

b. Shareholding

The Company is a subsidiary of ARM Traditional Asset Management Company Limited.

c. Board of Directors

The tone for proper corporate governance by the Company is set by the Board.

Besides possessing the requisite academic qualifications and experience in Board affairs, directors are kept abreast of their responsibilities and are conversant with the Company's business.

The directors are therefore able to exercise sound judgment on matters relating to the Company's business.

d. Board structure

The Board is made up of a Chairman, one (1) Executive Director and six (6) Non-Executive Directors.

The Chief Executive Officer is responsible for the day to day running of the Company, assisted by the Management Committee.

e. Responsibilities of the Board

The effectiveness of the Board is achieved through a mix of seasoned and highly skilled individuals who have the required skills and professional success to bring independent and valued contribution to the Board meeting.

The directors are responsible for the following:

- Ensuring that the Company's financial statements reflect a true and fair view of the Company's financial position, financial performance and cash flow.
- Compliance with all statutory regulations relating to the Company's business.
- Appointments of key management personnel in the Company.
- Implementing an effective organizational structure with clearly stated job descriptions, authority levels and working relationships.
- Approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices.
- Creating an appropriate board structure, size and composition; including but not limited to, appointment and removal of directors, determining board committee membership and succession planning for the board and senior management .
- Approval in relation to major changes to the Company's corporate structure and business activities.

The Board members who served during the financial year were as follows:

Board of Directors

Dapo Oshinusi	-	Chairman	
Teju Ogunjimi	-	Managing Director	(resigned with effect from November 30, 2015)
Balamurli Krishnan	-	Ag. Managing Director	(appointed November 30, 2015)
Anthony Ikpea	-	Non- Executive Director	
Jumoke Ogundare	-	Non- Executive Director	
Dominic Liber	-	Non-Executive Director	
Femi Oyetunji	-	Non- Executive Director	(appointed March 26, 2015)
Sadiq Mohammed	-	Non- Executive Director	(appointed March 26, 2015)
Oladimeji Alo	-	Non- Executive Director	(Independent)

The Board meets at least every quarter but may hold extra-ordinary sessions to address urgent matters requiring its attention.

f. Board Committees

The Board carries out its oversight functions using its various committees. This method makes for efficiency and allows for a deeper attention to specific matters. The committees are set up in line with statutory and regulatory requirements and are consistent with global best practices.

Membership of the committees of the board is intended to make the best use of the skills and experience of Non-Executive Directors in particular.

The committees have well defined terms of reference and charters defining their scope of responsibilities in such a way as to avoid overlap of functions.

The committees of the Board meet quarterly but may hold extraordinary sessions as the business of the Company demands.

The following are the current standing Committees of the Board:

i. Finance and General Purpose Committee

This committee is made up of four (4) members. The committee considers the accuracy of the management accounts and its compliance with reporting standards, evaluates the investment portfolio, reviews the Company's financial performance and approves all capital projects.

The membership of the Committee is as follows:

Jumoke Ogundare	-	Non- Executive Director	
Anthony Ikpea	-	Non- Executive Director	
Sadiq Mohammed	-	Non- Executive Director	
Teju Ogunjimi	-	Managing Director	(Resigned November 30, 2015)
Balamurli Krishnan	-	Ag. Managing Director	(Appointed November 30, 2015)

ii. Enterprise Risk Management Committee

This Committee considers and reviews the operations of the Company, and the management of the risk and compliance function of the Company. The Company through its Board of Directors ensures that all risks are managed properly and that the shareholders' investments as well as the Company's assets are safeguarded. The Board achieves this by having in place an effective Enterprise Risk Management Framework. The Board of Directors ensures that an operational risk management function is in place and is subject to comprehensive internal control.

The membership of the Committee is as follows:

Dominic Liber	-	Non- Executive Director	
Femi Oyetunji	-	Non- Executive Director	
Sadiq Mohammed	-	Non- Executive Director	
Teju Ogunjimi	-	Managing Director	(Resigned November 30, 2015)
Balamurli Krishnan	-	Ag. Managing Director	(Appointed November 30, 2015)

iii. Establishment and Corporate Governance Committee

The Committee is charged with the responsibility for the recruitment and establishment of the Board and Board committee memberships. The Committee reviews the candidate's qualifications and proffers resolution of any potential conflicts of interest, assesses the contribution of current directors in connection with their re-nomination and makes recommendations to the Board.

The Committee also ensures that a succession policy for the Company is in place.

The membership of the Committee is as follows:

Jumoke Ogundare	-	Non- Executive Director	
Oladimeji Alo	-	Non- Executive Director	
Femi Oyetunji	-	Non- Executive Director	
Teju Ogunjimi	-	Managing Director	(Resigned November 30, 2015)
Balamurli Krishnan	-	Ag. Managing Director	(Appointed November 30, 2015)

iv. Audit Committee

The Committee is established in line with Section 359(6) of the Companies and Allied Matters Act. The Committee has oversight responsibility for the Company's financial statements. The Committee comprises 4 members, which includes, 2 shareholders, 1 Non-Executive Director and an independent director. The tenure of the members of this committee is renewed annually.

The Committee reviews established Company procedures to reveal irregularities and ensure the accuracy of data and information provided in audited financial statements. The Committee also reviews the internal audit report on a regular basis at least quarterly. The Committee ensures that the audited financial statements are in compliance with statutory requirements and the relevant accounting and reporting framework.

The Committee chairman reports formally to the board on its proceedings after each meeting on all matters within its functions and responsibilities. The committee makes recommendations to the board as it deems appropriate on any area within its purview where action and / or improvement is needed.

The Committee has oversight responsibility for the internal and external audit function and the adequacy of the control environment. The Chief Internal Auditor has access to this Committee and makes quarterly presentations to its members.

The membership of the Committee is as follows:

Oladimeji Alo	-	Chairman	(Independent Director)
Anthony Ikpea	-	Member	(Non-Executive Director)
Emmanuel Ortswen	-	Member	
Musa Kolo	-	Member	

v. Management Committee

The Company has only one senior management committee. The management team meets fortnightly to discuss matters relating to the business and activities of the Company, the implementation of the Board's policies and decisions and also to deal with specific matters relating to the Company as the circumstances arise.

The management team meets to discuss issues relating to the different units and the Company as a whole.

BOARD AND BOARD COMMITTEES MEETINGS

The table below shows the frequency of meetings of the Board of Directors, Board Committees and members' attendance at these meetings during the year under review.

Directors	**Board**	**Finance & General Purpose Committee**	**Enterprise Risk Management Committee**	**Establishment and Governance Committee**
Number of Meetings	4	4	3	4
Attendance				
Dapo Oshinusi	4	N/A	N/A	N/A
Teju Ogunjimi* retired with effect from November 30, 2015	3	3	3	3
Balamurli Krishnan* appointed November 30, 2015	3	0	1	0
Jumoke Ogundare	4	4	N/A	4
Oladimeji Alo	4	N/A	N/A	4
Dominic Liber	4	N/A	3	N/A
Anthony Ikpea	3	4	N/A	N/A
Femi Oyetunji* appointed March 26, 2015	3	N/A	1	1
Sadiq Mohammed* appointed March 26, 2015	4	3	1	N/A

The table below shows the frequency of meetings of the Audit Committee and members' attendance at these meetings during the year under review.

Members	**Audit Committee**
Number of Meetings	4
Attendance	
Oladimeji Alo	4
Anthony Ikpea	3
Emmanuel Orstwen	3
Musa Kolo	4

g. Relationship with shareholders

The members of the Company have the overall decision-making powers in respect of the Company. At the Annual General Meeting, members are given the opportunity to air their views and give advice on issues relating to the Company's overall performance for the year. The meeting is conducted in a fair and transparent manner where the regulators such as the National Insurance Commission, the Corporate Affairs Commission and external auditors are invited.

h. Protection of shareholders rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

i. Communication policy

The Board of Directors at its meetings receives updates and information from management to enable the Board make deliberations, discuss issues, pass resolutions and advise management on internal operations.

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

The Company's website: www.armlife.com.ng is updated regularly to provide information to the shareholders, stakeholders and the general public on the activities of the Company.

In order to reach its overall goal on information dissemination, the Company is guided by certain principles, legislation and codes of corporate governance of the jurisdiction within which it operates. These legislations and codes of corporate governance include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the Codes of Corporate Governance issued by NAICOM.

The principles that guide the Company's information dissemination include the following:

- **Accuracy:** The Company uses modern communication technologies to ensure that the information provided on its website are accurate and reflect a fair view of the Company's financial position.

- **Transparency:** The Company appreciates the responsibility entrusted to it by its clients and stakeholders and as such providing the necessary information is a responsibility the Company cherishes whilst not undermining the confidentiality of information between the Company and clients.

- **Simplicity:** The information provided by the Company is clear, straightforward and without ambiguity.

- **Criticism:** The opinion of stakeholders is taken into consideration by the Company, upon the receipt of same.

Report of the Audit Committee

To the members of ARM Life Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of ARM Life Plc hereby report on the financial statements for the year ended 31 December 2015, as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Company conform to the legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory and reinforce the Company's internal control systems.

- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

Dr. Oladimeji Alo
Chairman
FRC/2013/CIPMN/00000004115
4 August 2016

Members of the Committee

Oladimeji Alo	Chairman
Anthony Ikpea	Member
Dominic Liber	Member
Emmanuel Ortswen	Member
Musa Kolo	Member

KPMG

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Independent Auditor's Report

To the Members of ARM Life Plc

Report on the Financial Statements

We have audited the accompanying financial statements of ARM Life Pic ("the Company), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 111.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria, relevant National Insurance Commission of Nigeria ("NAICOM') Circulars and Guidelines, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of ARM Life Plc ("the Company) as at 31 December 2015, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars and Guidelines.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 43 of the financial statements on Regulatory capital which details that as at 31 December 2015 the Company's total equity amounting to ₦1.7 billion was below the minimum regulatory capital requirement of ₦2.0 billion for Life Insurance business. Note 43 further includes the reason for the preparation of the 2015 financial statements on a going concern basis by providing details on a capital injection amounting to ₦0.4 billion subsequent to 31 December 2015 which has been verified by us; and disclosure of information on the total equity as at 30 June 2016. The information regarding the capital injection and total equity as at 30 June 2016 has also been disclosed in note 1 of the financial statements under the section on Regulatory minimum capital requirement and in note 44 on Events after reporting date. The total equity amount as at 30 June 2016, was prepared under the responsibility of management and has not been audited.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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

Compliance with the requirements of National Insurance Commission of Nigeria Guidelines

The Company did not incur any penalties with respect to contraventions of the sections of the National Insurance Commission of Nigeria's Operational Guidelines 2011 during the financial year.

Signed:

Kabir Okunlola, FCA
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
1 0 August 2016
Lagos, Nigeria

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	Dec-15 ₦'000	Dec-14 ₦'000
Gross premium written		3,337,916	3,372,602
Unearned premium		(2,475,216)	(2,311,975)
Gross premium income	5	862,700	1,060,627
Reinsurance expenses	6	(157,552)	(197,402)
Net premium income		705,148	863,225
Fees and commission income	7	36,876	47,081
Net underwriting income		742,024	910,306
Claims expenses	8	(321,557)	(684,891)
Underwriting expenses	9	(160,569)	(174,032)
Underwriting results		259,898	51,383
Investment income	10	294,616	213,641
Other operating income	11	79,615	24,933
Net trading loss on financial assets	12	(39,579)	(55,017)
Impairment of financial assets	13	(6,739)	7,899
Loss on revenue account	14	(46,817)	(43,920)
Fair value gain on investment properties	23	107,998	60,700
Net income		648,992	259,619
Management expenses	15	(1,142,920)	(1,162,554)
Results of operating activities/Loss before tax		(493,928)	(902,935)
Loss before tax		(493,928)	(902,935)
Minimum tax	31(b)	(21,896)	(12,457)
Income taxes	31(b)	(13,421)	(127,036)
Loss for the year		(529,245)	(1,042,428)
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Revaluation of property and equipment	25(iii), 38	-	427,562
Related tax		-	(42,756)
Items that are or may be reclassified to profit or loss			
Available-for-sale investment securities - net change in fair value	17(c(ii))	(18,172)	25,085
Available-for-sale investment securities - reclassified to profit or loss on disposal of investment	12	(1,718)	(23,643)
Other comprehensive income, net of tax		(19,890)	386,248
Total comprehensive income for the year		(549,135)	(656,180)
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in kobo per share):			
– Basic & Diluted (in kobo)	40	(9)	(18)

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2015

	Note	Dec-15 ₦'000	Dec-14 ₦'000
Assets			
Cash and cash equivalents	16	2,722,266	2,278,022
Investment securities:			
- Investment securities - fair value through profit or loss	17(a)	421,588	285,661
- Investment securities - held to maturity	17(b)	4,141,511	2,570,808
- Investment securities - available for sale	17(c)	142,953	164,060
Loans and receivables	18	179	846
Trade receivables	19	26,848	59,577
Reinsurance assets	20	227,979	177,031
Deferred acquisition costs	21	12,631	26,649
Other receivables and prepayment	22	68,890	170,861
Investment properties	23	1,952,000	1,709,502
Intangible assets	24	-	-
Property and equipment	25	167,022	244,363
Statutory deposits	26	200,000	200,000
Total assets		**10,083,867**	**7,887,380**
Liabilities			
Insurance contract liabilities	27	6,281,648	3,863,945
Investment contract liabilities	28	1,410,007	882,217
Trade payables	29	38,458	96,359
Other payables	30	511,173	555,130
Current income tax liabilities	31	23,709	132,522
Deferred tax liability	32	78,826	68,026
Total liabilities		**8,343,821**	**5,598,199**
Net assets		**1,740,046**	**2,289,181**
Equity			
Share capital	33	2,892,836	2,892,836
Share premium	34	802,439	802,439
Retained earnings	35	(3,620,600)	(3,057,976)
Deposit for shares	36	1,002,000	1,002,000
Fair value reserves	37	23,805	43,695
Revaluation reserve	38	384,806	384,806
Statutory contingency reserve	39	254,760	221,381
Total equity		**1,740,046**	**2,289,181**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Jumoke Ogundare	Sadiq Mohammed	Ayodamola Odufuwa
Director	Director	Chief Financial Officer
FRC/2013/IODN/00000003767	FRC/2013/IODN/00000001877	FRC/2015/ANAN/00000013213

Approved by the Board of Directors on 4 August 2016

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

as at 31 December 2015

December 2015	Share capital	Share Premium	Retained earning	Deposit for shares	Fair value reserve	Revaluation reserve	Statutory contingency resrve	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
As at 1 January 2015	2,892,836	802,439	(3,057,976)	1,002,000	43,695	384,806	221,381	2,289,181
Loss for the year	-	-	(529,245)	-	-	-	-	(529,245)
Other comprehensive income								
Net change in fair value	-	-	-	-	(18,172)	-	-	(18,172)
Net amount reclassified to profit or loss on disposal of investment	-	-	-	-	(1,718)	-	-	(1,718)
Revaluation surplus (net of taxes)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(529,245)	-	(19,890)	-	-	(549,135)
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	(33,379)	-	-	-	33,379	-
Prepaid contributions from owners	-	-	-	-	-	-	-	-
	-	-	(33,379)	-	-	-	33,379	-
As at 31 December 2015	2,892,836	802,439	(3,620,600)	1,002,000	23,805	384,806	254,760	1,740,046

December 2014	Share capital	Share Premium	Retained earning	Deposit for shares	Fair value reserve	Revaluation reserve	Statutory contingency resrve	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
As at 1 January 2014	2,892,836	802,439	(1,981,822)	-	42,253	-	187,655	1,943,361
Loss for the year	-	-	(1,042,428)	-	-	-	-	(1,042,428)
Other comprehensive income								
Net change in fair value	-	-	-	-	25,085	-	-	25,085
Net amount reclassified to profit or loss on disposal of investment	-	-	-	-	(23,643)	-	-	(23,643)
Revaluation surplus (net of taxes)	-	-	-	-	-	384,806	-	384,806
Total comprehensive income for the year	-	-	(1,042,428)	-	1,442	384,806	-	(656,180)
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	(33,726)	-	-	-	33,726	-
Prepaid contributions from owners	-	-	-	1,002,000	-	-	-	1,002,000
	-	-	(33,726)	1,002,000	-	-	33,726	1,002,000
As at 31 December 2014	2,892,836	802,439	(3,057,976)	1,002,000	43,695	384,806	221,381	2,289,181

The accompanying notes are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2015

	Note	2015 ₦'000	2014 ₦'000
Cash flows from operating activities:			
Total premium received from policy holders		3,370,645	3,427,747
Re-insurance receipt in respect of claims		186,990	115,933
Coupon received on investment securities		350,655	203,945
Interest received on placements		294,685	131,181
Dividend received		26,211	39,751
Other income received		102,809	47,081
Payments to customers on investment contract liabilities		(203,489)	(375,862)
Receipts from customers on investment contract liabilities		683,961	501,396
Reinsurance premium paid		(239,659)	(283,951)
Claims paid		(689,646)	(801,971)
Annuity claims payment		(454,505)	(134,012)
Commission paid		(161,067)	(210,346)
Payments to employees		(583,743)	(644,147)
Receipts/(disbursement) in respect of staff loans		667	(42)
Cash payments for operating expenses		(626,434)	(210,366)
Income tax paid		(133,330)	(12,814)
VAT paid		(2,560)	(2,660)
Net cash from operating activities		**1,922,190**	**1,790,863**
Cash flows from investing activities:			
Purchase/sale of investment securities at fair value through profit or loss		(94,630)	11,668
Purchase of held to maturity investment securities		(2,900,604)	(2,651,330)
Redemption of held to maturity investment securities		1,475,237	467,500
Proceeds on disposal of available-for-sale financial assets		3,301	133,806
Rental Income	10	60,788	15,047
Purchase of property, plant and equipment	25	(22,125)	(26,793)
Proceeds from sale of property, plant and equipment		11,586	22,928
Additions to investment property	23(c)	(11,500)	-
Net cash used in investing activities		**(1,477,946)**	**(2,027,174)**
Cash flows from financing activities:			
Proceeds from the Rights Issue		-	1,002,000
Net cash used in financing activities		**-**	**1,002,000**
Net increase in cash and cash equivalents		444,244	765,689
Cash and cash equivalents at beginning of year		2,278,022	1,512,333
Cash and cash equivalents at end of year	16(a)	**2,722,266**	**2,278,022**

Notes to the Financial Statements

I Reporting entity

ARM Life Plc is a public limited liability company incorporated on 10 November 1983 to carry on the business of life assurance. The Company is a subsidiary of ARM Traditional Asset Management Company Limited. The Company is incorporated in and domiciled in Nigeria.

The registered office of the Company is: 22, Funsho Williams Avenue, Alaka Bus stop, Alaka, Surulere, Lagos. The principal business of the Company is providing risk underwriting, annuities and claims settlement for group and individual businesses in Nigeria.

II Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and its interpretation committee effective and available as at 31 December 2015. These financial statements complies with the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria (FRC) Act, 2011.

The financial statements were authorized for issue by the directors on 4 August 2016.

III Basis of preparation

(a) Reporting period

The statement of financial position has been prepared for a 12 month period.

(b) Going Concern

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Company has adequate resources to continue as going concern for the forseeable future.

(c) Functional and presentation currency

The financial statements are presented in Naira, which is the Company's functional currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousands.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value.
- financial instruments measured at amortised cost.
- available-for-sale financial assets are measured at fair value.
- investment properties are measured at fair value.
- insurance and investment contract liabilities are based on actuarial valuations.

(e) Use of estimates and judgment

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

- in the period in which the estimate is revised, if the revision affects only that period, or
- in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are disclosed in note 4 to the financial statements.

(f) *New standards and interpretation not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016; however, the Company has not applied the following new or amended standards in preparing these financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company plans to adopt this IFRS initially for the annual reporting period beginning 1 January 2018.	This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised by the Company.
Amendments to IAS 16 (Property, Plant and Equipment) & IAS 38 (Intangible assets)	Amendments regarding the clarification of acceptable methods of depreciation and amortisation. The amendments are effective for annual reporting periods beginning on or after 1 January 2016.	This standard is not expected to impact the Company's operations as the depreciation of items of property and equipment owned by the Company is based on useful life.

IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract- based five-step analysis of transactions to determine whether, how much and when revenue is recognised. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Company plans to adopt this IFRS initially for the annual reporting period beginning 1 January 2017.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

The following new or amended standards are not assessed to have a significant impact on the Company's financial statements;

- IFRS 14 Regulatory Deferral Accounts.
- IFRS 16 Leases
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Equity Method in Separate Financial Statements (Amendments to IAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Disclosure Initiative (Amendments to IAS 1).

IV Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in notes V to all periods presented in the financial statements.

The Company has considered the following new standards and amendments to standards, including any consequential amendments to other standards with a date of initial application of 1 January 2015.

i. Employee Contributions (amendments to IAS 19).
ii. Recoverable amount disclosures for non-financial assets (amendments to IAS 36)

The amendments did not have any material impact on the financial position of the Company

V Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

(b) Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments and whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (i.e the Board of Directors) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company's primary format for segment reporting is based on business segments.

(c) Insurance contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Contracts under which the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. See accounting policy for these contracts under note V(d).

Insurance contracts and investment contracts of the Company consists majorly of life assurance business which includes annuity business and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life, and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Recognition and measurement

(i) Gross premium written

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover and unearned portion of the premium.

Gross premium on life contract are recognised in the profit or loss account when paid by the policy holder and are recorded on the date of inception of the policy.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(ii) Gross premium income

This represents the earned portion of premium received and is recognized as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

(iii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts.

(iv) Claims expense

Claims expenses consist of all claims arising during the year, together with the movements in the provision for outstanding claims and the changes in the gross valuation of insurance contract liabilities. Claims expenses are charged to profit or loss.

(v) Guaranteed annuity

Guaranteed annuity is recognised as an insurance contract.

Annuity premium are recognised as income when received from policy holders, payments to policy holders are recognised as an expense when due. The amount of insurance risk under contracts with guaranteed annuity is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Company does not have sufficient historical data on which to base its estimate of the number of contract holders who exercise their option.

(vi) Claims and policy holders benefit payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premium is deferred and recognized as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. the liabilities are recalculated at each reporting date using the assumptions established at the inception of the contracts.

(vii) Commissions and deferred acquisition costs ("DAC") - see accounting policy (e) and (f)

(viii) Liability adequacy test

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

(ix) Reinsurance

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded, claims reimbursed and commission recovered are reported directly in profit or loss.

Reinsurance assets

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts.

Prepaid reinsurance

Prepaid reinsurance are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date and is reported under reinsurance assets in the statement of financial position. Prepaid reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance claims recoveries

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in profit or loss as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(x) Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses and insurance supervision levy.

Underwriting expenses for insurance contracts and investment contracts are recognized as a charge against profit or loss when incurred except for commission expenses which are deferred to the extent that the costs are recoverable out of future premiums.

(d) Investment contracts

The Company issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortized cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortized cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period if the holder has the option to redeem the instrument earlier than maturity.

The Company re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognized as income or expense in profit or loss.

(e) Fees and commission income

Fees and Commission income is recognized on fees received with respect to ceding businesses in co-assurance and re-insurance transactions.

(f) Deferred acquisition costs

Deferred acquisition cost are those commission paid during the financial period arising from the underwriting or renewing of insurance contracts and/or investment contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as expense when incurred.

(g)(i) Investment income

Investment income comprises interest income earned on financial assets measured at amortised cost and income earned on trading of securities including all realized and unrealized fair value changes and dividends. Investment income, other than interest income, is recognized at fair value and on an accrual basis.

Interest income is recognised in profit or loss as it accrues and is calculated using the effective interest rate 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 to the carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Fees and commissions that form an integral part of the issue or acquisition of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

(g)(ii) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes. It also includes the net gain or loss on the disposal of available for sale financial assets.

(g)(iii) Other operating income

Other operating income comprise income of a secondary nature in relation to the Company's activities, including gains on disposal of property and equipment, realised foreign exchange gains and other sundry income.

(h) Dividend income

Dividend is recognised as earned in the period in which the right of receipt is established.

(i) Employee benefits/personnel expenses

Short-term benefits

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

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

Post Employment Benefits

Defined contribution plan

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Company pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay a fixed contribution of 8% to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in profit or loss.

(j) Management expenses

Management expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other expenses. They are accounted for on an accrual basis.

(k) Lease expense under operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l)(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years, using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(l)(ii) Deferred income taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use; and
- initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(m) Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share (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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(n) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

(o) Financial assets and liabilities

(i) Classification and recognition

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables, and
- available-for-sale financial assets

The Company's financial assets include cash and cash equivalents, placements, trade and other receivables, loans and receivables, quoted and unquoted equity instruments, bonds and other debt securities.

The Company's financial liabilities are classified as other financial liabilities. They include: investment contract liabilities and trade and other payables.

Regular way purchases and sales of financial assets are accounted for at trade date.

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified at fair value through profit and loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Company has transferred substantially all risks and rewards of ownership.

(ii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

(iii) Derecognition: Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expires; or transfers its right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of the financial assets are transferred or in which the Company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the asset;

(iv) Derecognition: Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(v) Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated at initial recognition. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These financial assets are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in net trading income in profit or loss in the period in which they arise.

Financial assets classified as held for trading includes quoted equities.

(vi) Held-to-maturity

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

- those that the Company designates as available for sale.
- those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using effective interest method less any impairment losses. A sale or reclassification of more than insignificant amount of held-to-maturity investment would result in the reclassification of all held-to-maturity investments to Available-for-sale, and would prevent the Company from classifying investment security as held-to-maturity for the current and following two financial years. However, sales and reclassification in any of the following circumstances would not trigger a reclassification;

- sales or reclassification that are so close to maturity that changes in the market rate interest would not have a significant effect in the financial asset's fair value;
- sales or reclassification after the Company has collected substantially all of the assets' original principals; and
- sales or reclassification attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

(vii) Available-for-sale

Available for sale financial investments are non-derivative instruments which includes equity and debt securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in OCI while the investment is held, and are subsequently transferred to profit or loss upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in investment income in profit or loss when the Company's right to receive payment has been established.

Interest income on available for sale investments are recognised in investment income in profit and loss using effective interest rates.

(viii) Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company at fair value through profit or loss or available-for-sale.

Loans and receivables consist primarily of staff loans and cash and cash equivalents.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

(ix) Financial liabilities

The Company classifies its financial liabilities as measured at amortized cost.

(x) Fair value measurement

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

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

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

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

(xi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(xii) Non-derivative financial assets - impairment

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;

- a breach of contract, such as a default or delinquency in payments;
- restructuring of an amount due to the Company on terms that the Company would consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost	The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant asset are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.
	In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
	An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospect of recovery of the asset, the relevant amount written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
Available- for-sale financial assets	Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(xiii) *Offsetting financial instruments*

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or from gains and losses arising from a group of similar transactions such as in the Company's trading activities.

(p) Intangible assets

Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses. Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs is not included.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development of the software and to use it in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

(q) Property and equipment

(i) Recognition & Measurement

All items of property and equipment except land and buildings are initially recognized once they are available for use, at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent Costs

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

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

(iii) Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on item of property and equipment until they are brought into use.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.
Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated annual rates, as follows:

Leasehold Land	over the lease period
Building	2%
Leasehold improvements	20% (or period of primary lease where shorter)
Furniture & Fittings	15%
Office equipment	15%
Computer equipment	20%
Plant & Machinery	20%
Motor vehicles	25%

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in profit or loss in the year of de-recognition.

(v) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss.

(r) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.
In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent measurement.
Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(s) Statutory deposit

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

(t) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets, are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount. Impairment losses are recognised in profit or loss.

The carrying amount of these non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

Impairment losses of non-financial assets, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

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. Reversals of impairment losses are recognised in profit or loss.

(u) Trade receivables

Trade receivables arising from insurance contracts represent premium debtors with determinable payments that are not quoted in an active market and the Company has no intention to sell.

Trade receivables consist of premium debtors, due from reinsurers and other receivables. These are managed in accordance with a documented policy.

Receivables are stated net of impairment determined in line with the specific and incurred loss model.

(v) Other receivables and prepayments

Other receivables are carried at amortised cost less accumulated impairment losses. Prepayments are amortised on a straight line basis to the profit or loss account.

(w) Trade and other payables

Trade and 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. Where the effect of time value of money is not material, the amount is not discounted.

(x) Reinsurance liabilities

Reinsurance liabilities are primarily premiums payable for the reinsurance contracts entered into by the Company and are recognised as a payable when incurred. The Company has the right to set-off re-insurance payables against the amount due from re- insurers in line with the agreed arrangement between both parties.

(y) Group life business

An unexpired premium reserve is included for group life business, with an allowance for acquisition expenses as a percentage of premium. An allowance is made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

(z) Investment contract liabilities

(i) Deposit Administration

Investment contracts are those contracts that transfer financial risks with no significant insurance. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company enters into investment contracts with guarantee returns and other businesses of savings nature. Those

contracts are recognised as liabilities and are measured at amount payable at each reporting date.
The Company does not have contracts with discretionary participating features.
Guaranteed interest on investment contract liabilities is recognised as an expense in the profit or loss.

(ii) Unbundling of deposit components

Investment contracts that contain both an insurance component and a deposit component are unbundled to the extent that the insurer can measure the deposit component (including any embedded surrender options) separately (i.e without considering the insurance component).

(aa) Life insurance contract liabilities

The life insurance contract liabilities represents the liability due to policy holders at the end of every reporting period. The liability in the life fund account is determined by an actuarial valuation using a liability adequacy test model.

(ab) Individual business

Individual risk business comprises term assurance and mortgage protection policies, for which a gross premium method of valuation is adopted.
Reserves are calculated via a cash flow perfected approach taking into account future office premiums, expenses and benefit payments (death). Future cash flows are discounted back to the valuation date at the valuation interest rate.

(ac) Provisions for other liabilities and charges

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

(ad) Share capital & reserves

Share Capital

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

(ae) Fair value reserves

Fair value reserves represent the mark to market gains/loss on available-for-sale financial assets.

(af) Revaluation reserves

The revaluation reserves relates to the revaluation of property and equipment immediately prior to its reclassification as investment property. Investment property transferred from property and equipment is recognized at fair value on transfer. Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property and equipment in accordance with IAS 16, even if the property was measured previously using the cost model under IAS 16. Any existing or arising revaluation surplus previously recognised in other comprehensive income is not transferred to profit or loss at the date of transfer or on subsequent disposal of the investment property. However, on subsequent disposal of the investment property, any existing revaluation surplus that was recognised when the entity applied the IAS 16 revaluation model to the property may be transferred to retained earnings.

(ag) Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

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

(ah) 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 Company or the Company 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.

(ai) Actuarial valuation

Actuarial valuation of the insurance contract liabilities is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the liabilities as at the date of valuation. All deficits arising therefrom are charged to the statement of other comprehensive income while the surplus is appropriated to the shareholders and credited to the statement of comprehensive income.

VI Required technical and other reserves by NAICOM

(a) Contingency reserve

Contingency reserve is credited with the greater of 1% of gross premiums, or 10% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

(b) Technical reserves

These are computed in compliance with the provisions of the Insurance Act 2003 as follows:

i Reserve for unearned premiums

In accordance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unexpired risks is calculated on a time apportionment basis in respect of the risks accepted during the year. A provision for the additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserved.

ii Reserve for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported (IBNR) at the reporting date.

iii Reserve for unexpired risk

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

1. Financial and Insurance Risk Management

Introduction and Overview

As a Life insurance firm that provides a range of investment, savings and protection products to retail and corporate clients, ARM Life Plc ("the Company") is exposed to a number of risks within its business. We have therefore built our core business around sound risk management practices, so that as we actively seek opportunities to create value for our clients and stakeholders, we equally take a deliberate, concerted effort to preserve value.

Over the year, the Company has embraced sound risk management practices through the adoption of a disciplined approach to risk taking, with a key objective to limit variations in expected earnings and operating performance. Therefore, all employees of the Company are expected to behave in a manner that sustains a strong risk culture (one that particularly promotes each employee as a risk manager) and, more importantly, upholds its reputation.

This culture of risk management is vital in ensuring continuity and stability within our operations. It enhances the Company's ability to address significant risk issues; operational vulnerabilities; harness its core strengths; and, position it on a sustainable path for future growth.

Objectives of Risk Management

The primary objective of our risk management function is to ensure efficient risk/return decision-making, reduce volatility in operating performance, improve operational efficiency as well as the quality of service delivery and ensure that the Company's risk profile is transparent to Senior Management, the Board of Directors and other relevant stakeholders.

Our risk management practice at ARM Life Plc is also centered around building a sustainable business where an acceptable risk profile is consistently maintained, given risk capacity and tolerance levels per time. In summary, our risk management approach is driven by the following key objectives:

- **Business Sustainability:** This represents resiliency over time. It involves a business's ability to withstand and survive significant internal and external shocks.
- **Accountability:** This represents our organisation's and business manager's obligations to account for our activities, accept responsibility for them, and to disclose the results in a transparent manner.
- **Operational Efficiency:** This represents our ability to deliver services in the most cost-effective manner possible while maintaining the highest feasible quality standards.
- **Risk/Reward Alignment:** This is an optimization concept that seeks to achieve maximum possible return for each unit of risk taken.

Risk Management Framework

The Company's risk management framework is built around core components such as Governance, Strategy and Policies, on the one hand, and Systems, Tools and People, on the other. The framework allows for the Company's risk exposure to be proactively managed through a constant process of identification, evaluation, management/monitoring and reporting. In order to maintain continuous compliance with required regulations, the National Insurance Commission (NAICOM) Guidelines for Risk Management Framework (as also stipulated in the 2015 Prudential Guidelines of the regulator) has been at the centre of building our value-driven risk management processes.

The governance process clearly states the responsibilities for managing, monitoring and reporting risks. To support this governance process, we rely on various policies and methodologies. Each Risk management tool is established and guided by a well-documented policy and procedural manual. The Risk Management Framework document specifies the company's risk tolerance, risk limits and authorities, reporting requirements, and procedures for referring risk issues to Senior Management and the Board of Directors.

An independent Risk Management function works closely with unit managers in order to identify and address risks in a timely manner and within acceptable risk profile. In order to sufficiently capture the interrelationship among the various risk exposures, our risk management approach fits in an encompassing Enterprise Risk Management (ERM) framework which addresses the risks we assume while conducting our business in broad risk categories as summarized below:

Risk Type	Description	Loss Characteristics
Market & Investment Risk	The risk of loss due to unfavourable movements in the prices of assets and/or liabilities.	This could result in loss of value to the Company's investment portfolios or increase in future insurance claims; and invariably affect capacity to meet insurance and investment contract liabilities when they fall due.
Credit and Reinsurance Risk	While credit risk arises from counterparty's inability or unwillingness to fulfil contractual obligations to the Company, reinsurance risk on the other hand refers to the inability to obtain a cover from a reinsurer for sum assured above the firm's retention limit.	This could result in impairment in the Company's credit assets and could invariably affect its short to long-run liquidity needs.
Liquidity Risk	The risk that the Company will not be able to meet its financial obligations as they fall due.	This could result in significant business disruption or could hinder normal operations of the Company.
Underwriting Risk	Underwriting risk is the risk of loss due to an increase in the rate of occurring policy claims contrary to the forecast made when the premium was priced.	This could result in a significant loss to the Company and insolvency in extreme cases.
Claims Management Risk	This is the risk that the insurer may be unable to manage the settlement process by which insurers fulfil their contractual obligations to policyholders.	This could result in a significant loss to the Company if the claims process is exposed to fraudulent activities. There is also the risk of reputational damage where the claims management process is inadequate.

Governance Structure

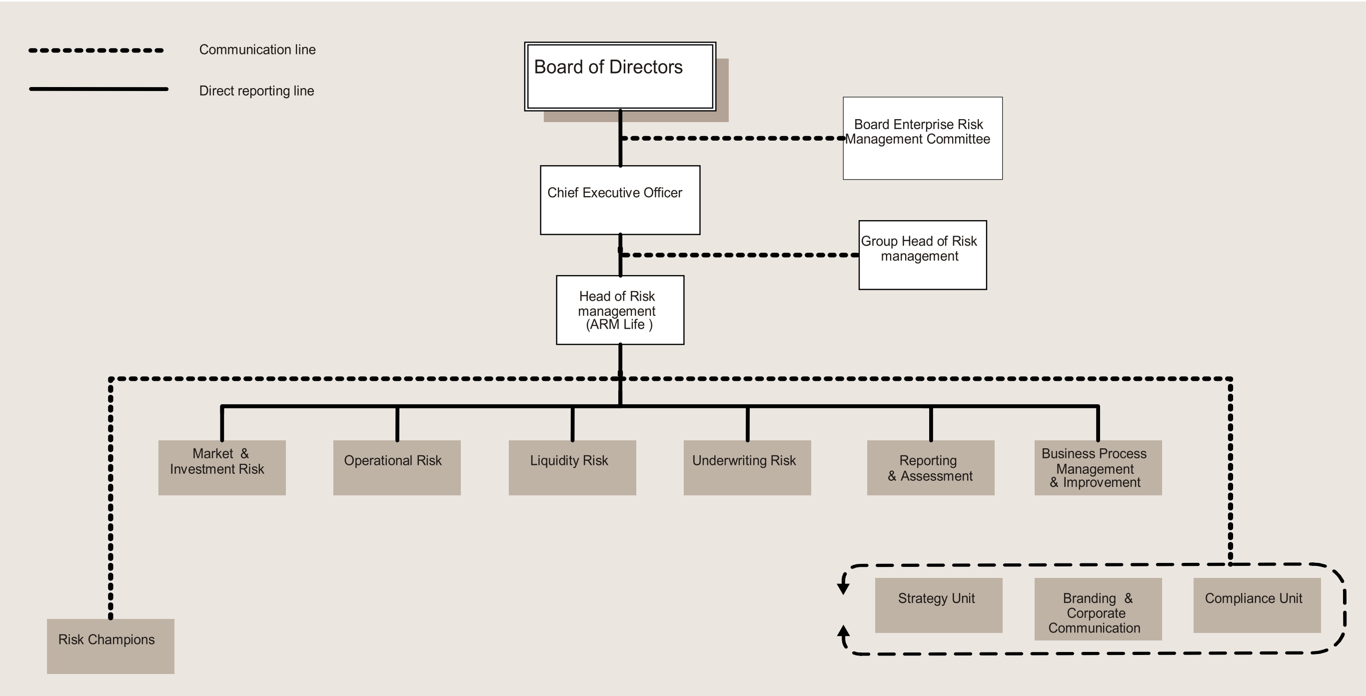
The Company's Board of Directors has ultimate responsibility for risk management oversight, playing an important role in defining and reviewing its overall risk appetite; and in approving policies and methodologies, either directly or through its Board Enterprise Risk Management Committee (BERMC).

The BERMC receives quarterly reports of Company's risks and risk management activities from the risk management unit of the Company. In addition, the Company's Senior Management team has responsibility for providing oversight on the ongoing development and implementation of the policies, framework and methodologies for the management of the various risk areas. They also monitor the effectiveness of the Company's risk management practices. The Senior Management team receives monthly reports of Company's risks and risk management activities from the Risk Management function.

The risk management function has responsibility for the day-to-day execution of risk management activities and practices. The risk management team assists line managers in the timely identification, measurement and control of all risks inherent within the business.

The Risk Management Governance Structure can be seen below:

ARM Life Risk Management Structure



Underwriting risk

Underwriting Risk is the risk of loss due to an increase in the rate of occurring policy claims contrary to the forecast made when the premium was priced. The Company's exposure to underwriting risk can be driven by any of the following factors:

- *Mortality risk:* the risk that actual policyholder death experience on life insurance policies is higher than expected.
- *Longevity risk:* the risk that the Company will experience higher than expected pay-out ratio on products such as its annuity products.
- *Morbidity risk:* the risk that policyholder health-related claims are higher than expected.
- *Policyholder behavior risk:* the risk that policyholders' behavior in discontinuing and reducing premiums or surrendering is higher than expected.
- *Expense risk:* is the risk that expenses incurred in acquiring and administering policies are higher than expected.

In managing this risk, the Company has put in place an underwriting guideline that guides pricing processes and methodologies. In certain cases, product pricing is developed and/or confirmed by qualified Actuaries. Defined processes also guide our underwriting and claims management activities. Furthermore, our reserving process seeks to ensure that the provision for insurance liabilities is, at all times, sufficient to cover liabilities that have been incurred, or are yet to be incurred on insurance contracts sold.

In addition to the above, the Company has in place reinsurance plans that assist not only to increase its underwriting capacity, but also to reduce undue exposures by helping to spread its risks. Sum assured above the Company's retention limit (the maximum amount of risk retained by an insurer per life) are transferred using re-insurance arrangements.

Annuity risk

The Company operates a non-participating annuity business under its retirement plan products. In a typical annuity contract, the annuitant deposits a lump sum consideration (usually part of proceeds of retirement savings) with the Company and in return receive a predetermined income on monthly basis (or at otherwise agreed intervals) for the rest of his life.

The Company operates a fixed guaranteed return annuity and is therefore exposed to interest rate risk. In managing this risk, the Company has leveraged on its technical partners to form a robust asset and liability management process for its annuity product. The Company adopts a risk management approach that ensures liabilities are matched as far as possible with assets, mostly interest-bearing, both in terms of liquidity and as well as interest rate risk exposures.

Since annuity offers life time cash flow to retirees, the Company is also exposed to longevity risk. In managing this risk exposure, we always take a very conservative stance when pricing our liabilities by considering a close to stressed life expectancy for our annuitants and sufficient reserves are also created to meet the need of such scenarios. On the asset side, the impact of changes in interest rates (or other market risk factors) is continuously tested, while on the liability side we also assess possible impact of changes in underlying assumptions such as mortality rate.

As at the close of book on 31 December 2015, the Company has a total number of 851 annuitants on its book with annual pay out of about ₦397.08 million to annuitants. The actuarial valuation puts the Company's liability/obligation in respect of its annuity portfolio as at 31 December 2015 at ₦4.804 billion. (2014: ₦2.319 billion)

The following table outline the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred by the Company.

Name	Description	Features
i Education Plan	This is an education savings plan intended to accumulate funds for the sole purpose of funding the education of the assured's children at an appointed time and thereafter.	Minimum Sum Assured – ₦500,000.00 while the Maximum Sum Assured is 4 times Annual Contribution. Scope of Life Cover – Death, Permanent Disability, Critical Illness, Double Accident Benefit, Family Income Benefit.
ii Memorial Benefit Plan	This comprises of Term and Whole Life assurance plans, the benefits of which will be applied towards alleviating the funeral costs of policyholders, their spouse(s) and named parents/parents-in-law.	Sum Assured Levels– ₦250,000; ₦500,000; ₦1,000,000; ₦2,000,000. Scope – Death, Double Accident Benefit.
iii Savings + Benefit Plan	This is an Individual Life savings plan which has both investment and protection elements. Part of the premium being paid by the policyholder is used to buy a term assurance cover on his/her life, while the balance of the premium is put in his/her investment/allocation account.	Sum Assured Bands – ₦500,000; ₦1,000,000 and ₦2,000,000. Scope – Death or maturity benefit.
iv Protection Benefit Plan	Term Assurance is a protection life assurance policy only that guarantees the payment of a predetermined Sum Assured to a named Beneficiary in the event of death of the life/lives assured at inception of the policy.	This Policy guarantees the deceased payment of the sum assured at the death of the Life Assured before the Policy Expiration date. Scope of Life Cover- Death, Critical Illness, Permanent Disability.

v Educate Easy	This product makes available fund for the policyholder to sponsor his/her child's education and it ensures the payment of the school fees of the child in event of the unfortunate death of the parent/guardian.	Duration of the plan must be divisible by three (3) (beginning from 6years to a maximum of 21years). It can be arranged for more than one child.
vi Consolidated Financial Plan - CFP	This is an improved form of the traditional Endowment policy which allows payment of the sum assured in three equal instalments and also guarantees payment of the full sum assured whenever death occurs during the policy period no matter what has been paid out.	Guarantees Reversionary Bonus at Maturity. Cash surrender can be made after two years of contribution.
vii Annuities (Pensioner Immediate)	This product was developed in line with the provisions of the PRA 2004 and has a minimum guaranteed period of 10years.	The Lump sum Premium payable is received from the PFA on the instruction of the annuitant and the annuity is payable throughout the life of the annuitant.
viii Annuities (Deferred)	In the deferred/Immediate Annuity, the client will contribute a minimum of ₦5,000.00 a month over say 5years (Accumulation Stage) and the lump sum will be used to purchase immediate annuity for payment of annuity (pay out stage).	The guaranteed period here is either 5 or 10years and with about 8 annuity payment options ranging from flat annuity with or without guarantee period, increasing with or without guarantee period to spouse annuity.
ix Mortgage Protection Plan	This is a life assurance plan that provides mortgage protection against loss of house ownership in the event of the untimely death of the breadwinner before the full repayment of the mortgage loan or serves as security in support of mortgage loan/facility repayment from Banks.	The guaranteed period here is either 5 or 10years and with about 8 annuity payment options ranging from flat annuity with or without guarantee period, increasing with or without guarantee period to spouse annuity.
x Secured Investment Plan	It is an investment-linked product with high yield returns on investment and at the same time it provides life cover throughout the duration of the policy.	There is additional death benefit up to ₦100,000 in event of death by accident under Secured Investment Plan. Loan is obtainable on the plan.
xi Retire Rich Plan	Retire Rich Plan provides a continuous source of income in later years when the life assured would no longer be in regular employment and he is too old for the normal business activities.	Guarantees a regular monthly pension for life after age 60years or any age that the assured specifies. If death occurs before retirement, a lump sum death benefit will be paid to your dependants. If death occurs within the retirement period the remaining balance of the Annuity guaranteed for five years will be paid to the beneficiaries or assured's estate.

xii Ka'abah Plan	Ka'abah Plan is a flexible investment plan with dedicated savings towards the fulfilment of the Policyholder's desire to perform Hajji (Muslims' holy pilgrimage).	In unfortunate event of not surviving maturity date the named beneficiary is entitled to collect the benefit and perform the hajji at the date appointed (Maturity Date). You can opt to contribute towards yearly increasing benefits plan to keep up with inflation.
xiii Flexi Cash Plan	SIP Flexi Cash Plan is an adaptation of our secured investment plan (SIP), specially designed for the market Traders, Artisans, Corporate workers, professionals, okada riders and so on.	Guaranteed minimum of 3% interest rate per annum. Free live cover up to maximum of ₦500,000.00 based on daily contribution chosen. Availability of lump sum, plus accrued interest at the end of the period.

Sources of uncertainty in the estimation of future benefit payments and premium receipts

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

The Company uses appropriate base tables of standard mortality according to the type of contract being written. The base tables are the UK A6770 and PA90 without adjustment for individual risk and annuity business respectively; in line with the industry practice in Nigeria. An investigation into the actual experience was carried out by the actuary in 2010 using industry mortality experience data which demonstrated a good fit to the A6770 table.

(a) Process used to decide on assumptions

The Company determines assumptions in relation to future deaths, withdrawals (both voluntary (surrenders) and involuntary (lapses), valuation interest rates and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk is added to these assumptions as determined necessary. These assumptions are updated at each reporting date to reflect the latest estimates.

The assumptions used for the insurance contracts are as follows:

(i) Mortality

The mortality tables for the current and prior years remain A6770 and PA90 without adjustment for individual risk and annuity business respectively. For annuities, no allowance was made for future mortality improvements. This is because there is only a small portfolio of annuity business which is exposed to longevity risk. In any case, longevity risk is not currently of great concern in Nigeria, given the relatively low life expectancy. General market experience to date indicates the base mortality assumptions are prudent, without making further adjustments.

(ii) Valuation interest rates

The valuation interest rate is based on current market risk-free yields with adjustments. This is in line with the requirements of IFRS 4 (Paragraph 24).The use of the risk free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalized upon, which satisfies paragraph 27 of IFRS 4. Net valuation interest rates of 10.25% pa was adopted for all long term businesses except Annuity, and 10.80% pa for Annuity business. The rates are to be applied as single long term rates of return. As at

31 December 2015, the average yield on 20 year FGN bonds was 11.5%. By comparison, long term bonds were yielding around 15% at 31 December 2014. For the purpose of determining the valuation interest rate we have considered a 0.25% deduction from the long term yield to arrive at a valuation interest rate of 10.9%. This makes some allowance for the volatility of the "risk free" yields. A Life Insurance company (in Nigeria) pays tax at 30% of Income minus Expenses (the "I minus E" basis), with some specific investment income being exempt from tax. However, this calculation is subjected to a minimum tax, which is payable on 20% of gross incomes, with no exceptions or deductions. This is equivalent to tax payable of 6% of gross investment income. The minimum tax test implies that tax will always be payable, and as such the payment of future tax needs to be allowed for. We propose to do so implicitly by deducting 6% of the gross valuation interest rate, to arrive at net rates to adopt for valuation purposes.

In setting the valuation interest rate for annuity business, the fact that the annuity liability duration is longer than the duration of the longest available Government bonds was taken into account. The longer term introduces uncertainty – which typically will be reflected in higher yield/reward demand by investors. We have reflected this in the higher starting yield of 12% for the annuity valuation. The duration mismatch between available bonds and the liabilities also implies there is a reinvestment risk. We have made a provision for this by deducting a margin of 0.25% of the gross yield.

(iii) Expenses

Provisions for expenses must be made, either explicitly or implicitly, in mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling our long term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses. The best estimate of maintenance expenses were calculated as the sum of per policy maintenance charges and the allocated operating expenses. The regulatory maintenance expense assumptions are derived by adding an additional prudence margin to the best estimate maintenance expenses to give the required assumption.

An expense analysis was carried out, which indicated that the actual maintenance per policy in 2015 was much higher than ₦10,800 (estimated around 66,000 per policy for anuities and 27,000 per policy for other products). The estimated therefore assume that there is an expense overrun which would continue to rise until the retail book expands to a more optimal level. A provision of ₦220m (2014: ₦194m) has however been made on a three year run off for expense overrun. The expense assumptions are as shown below:

Individual life	₦10,800pp
Group Life	Premium
Annuity business	₦10,800pp
Expense Overrun Reserve	₦220,000,000

(iv) Expense inflation and other inflation measures

We are assuming an inflation rate of 9.5% pa.
Consumer Price Inflation as at December 2015 was 9.42%.

(v) Tax

It has been assumed that current tax legislation and rates continue unaltered.

Liability Adequacy Test - Methodology

The Company adopted the following methodology for valuing its insurance contracts under various product type:

Product Type	Methodology	Description
(I) Individual Risk Business	Gross premium	A gross premium method is proposed for individual risk business. This is a monthly cashflow approach taking into account the incidence of all expected future cashflows including office premiums, expenses and benefit payments, satisfying the Liability Adequacy Test.
(ii) Individual Deposit Based Business	(a) Deposit reserve: Account balance at valuation date (b) Risk reserve: Gross premium	A reserve for the Individual and group deposit-based business will be maintained being the amount standing to the credit of the policyholders (account balance) at the valuation date. Reserves for the supplementary life cover and expenses for individual deposit based business will be calculated using a gross premium cashflow approach.
(iii) Annuities	Discounted cashflow	Annuities will be reserved for using a discounted cashflow approach. Here reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required.
(iv) Group Deposit Business	Deposit reserve: Account balance at valuation date	As Above (ii) a
(v) Group Life and Credit Life	UPR + IBNR	Reserves for Group Life and Credit Life business will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

Claims development table

The following table shows the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive year at each reporting date, together with cumulative payments to date. The Company has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

In general, the uncertainty associated with the ultimate claims experience in a year is greatest when the year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Year	1	2	3	4	5
	₦'000	₦'000	₦'000	₦'000	₦'000
2011	483,558	332,496	101,566	63,617	15,128
2012	1,107,056	553,796	182,812	28,765	
2013	783,329	353,129	114,189		
2014	345,019	180,480			
2015	320,173				

Sensitivity of liabilities to changes in long term valuation assumptions (31 December 2015 actuarial valuation)

The following table presents the sensitivity of the value of insurance liabilities to movements in the long term valuation assumptions used in the estimation of insurance liabilities. For liabilities under long-term insurance contracts with fixed guarantees, changes in assumptions will not cause a change to the amount of liability, unless the change is severe enough to trigger a liability adequacy test adjustment.

₦'000	Base	VIR + 1%	VIR – 1%	Expenses + 10%	Expenses – 10%	Expense Inflation +2%	Expense Inflation – 2%	Mortality + 5%	Mortality – 5%
Reserves (Excluding	134,717	131,528	138,097	148,108	121,329	141,547	128,386	136,232	133,200
Annuity)	4,804,385	4,527,147	5,116,693	4,821,058	4,787,713	4,845,405	4,774,214	4,835,193	4,774,771
Investment Linked Products	948,477	948,477	948,477	948,477	948,477	948,477	948,477	948,477	948,477
Group DA	461,530	461,530	461,530	461,530	461,530	461,530	461,530	461,530	461,530
Group Life - UPR	116,430	116,430	116,430	116,430	116,430	116,430	116,430	116,430	116,430
Group Life - AURR	541	541	541	541	541	541	541	541	541
Group Life - IBNR	275,005	275,005	275,005	275,005	275,005	275,005	275,005	275,005	275,005
Credit Life	23,836	23,836	23,836	23,836	23,836	23,836	23,836	23,836	23,836
Additional reserves	225,191	225,191	225,191	225,191	225,191	225,191	225,191	225,191	225,191
Reinsurance	(97,057)	(97,057)	(97,057)	(97,057)	(97,057)	(97,057)	(97,057)	(97,057)	(97,057)
Net liability	6,893,056	6,612,629	7,208,744	6,923,120	6,862,996	6,940,906	6,856,555	6,925,379	6,861,924
% change in Net Liability		**-4.1%**	**4.6%**	**0.4%**	**-0.4%**	**0.7%**	**-0.5%**	**0.5%**	**-0.5%**

Summary	Base	Interest rate + 1%	Interest rate – 1%	Expenses + 10%	Expenses – 10%	Expense Inflation +2%	Expense Inflation – 2%	Mortality + 5%	Mortality – 5%
Individual	6,112,770	5,832,343	6,428,458	6,142,834	6,082,710	6,160,620	6,076,269	6,145,093	6,081,638
Group	780,286	780,286	780,286	780,286	780,286	780,286	780,286	780,286	780,286
Net liability	6,893,056	6,612,629	7,208,744	6,923,120	6,862,996	6,940,906	6,856,555	6,925,379	6,861,924
% change inliability	–	**– 4.1%**	**4.6%**	**0.4%**	**– 0.4%**	**0.7%**	**– 0.5%**	**0.5%**	**– 0.5%**

All stresses were applied independently. Stresses not applied to individual reinsurance asset due to immateriality. The mortality stress has been applied in the opposite direction for annuities. For example the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuitants.

Liquidity Risk Management

Liquidity Risk is the risk that the Company will be unable to efficiently meet both expected and unexpected current and future cash flow and collateral obligations as they fall due.

As sufficiency of liquidity is of critical importance to financial institutions, the principal objective of the Company's liquidity management is to ensure consistent access to external financing options and to enable the Company to continue to generate revenues, even under adverse circumstances.

The Company has in place comprehensive liquidity management policy and processes, executed by the Finance unit, and monitored by the Management Committee. The Company's Liquidity Management Framework is designed to ensure that the Company always has sufficient liquidity to meet its liabilities when these fall due, under both normal and stressed conditions without incurring unacceptable finance costs. Liquidity management activities ensure that the Company has sufficient access to funds necessary to cover insurance claims, withdrawals and maturing liabilities. The Company's assets contain marketable securities which can be converted to cash when required.

Liquidity Risk Profile

The key measure used in monitoring liquidity risk is the Maturity Gap, which is the difference between maturing assets and maturing liabilities within a given maturity band. The Maturity Gap Ratio displays the extent of mismatch between maturing assets and maturing liabilities.

The tables below shows gross undiscounted cash flow on the basis of the earliest possible contractual maturity of financial and insurance liabilities and financial assets:

31-Dec-15	Carrying amount	Gross Nominal value	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Above 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial and Insurance Liabilities								
Investment contract liabilities	1,410,007	1,410,007	641	2,560	2,057	1,294,269	110,480	1,410,007
Insurance contract liabilities	6,281,648	6,235,803	13	197	216	1,389,790	4,845,587	6,235,803
Trade payables	38,458	38,458	38,458	-	-	-	-	38,458
Other Payables (excluding statute based deductions)	487,688	477,170	232,332	278	188,280	-	56,280	477,170
Total Financial Liabilities	8,217,801	8,161,438	271,444	3,035	190,553	2,684,059	5,012,347	8,161,438
Assets held for managing liquidity risk								
Cash and cash equivalents (excluding assets reserved for retirement benefit obligation)	2,629,077	2,629,077	2,629,077	-	-	-	-	2,629,077
Financial assets (excluding assets reserved for retirement benefit obligation)	4,696,132	9,371,605	901,647	65,404	633,995	2,555,333	5,215,226	9,371,605
Trade receivables	26,848	26,848	25,621	1,227	-	-	-	26,848
Loans and receivables	179	179	-	-	179	-	-	179
Statutory deposit	200,000	200,000	-	-	-	-	200,000	200,000
Reinsurance assets (excluding prepaid re-insurance)	197,443	197,443	197,443	-	-	-	-	197,443
Other receivables (excluding prepayment)	32,173	32,173	-	-	32,173	-	-	32,173
Total assets held for managing liquidity risk	7,781,852	12,457,325	3,753,788	66,631	666,347	2,555,333	5,415,226	12,457,325
Net Liquidity (Gap)/Surplus	(435,949)	4,295,887	3,482,343	63,596	475,794	(128,727)	402,879	4,295,887
Cumulative Liquidity Surplus			**3,482,343**	**3,545,940**	**4,021,734**	**3,893,007**	**4,295,887**	

31-Dec-14	Carrying amount	Gross Nominal value	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Above 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial and Insurance Liabilities								
Investment contract liabilities	882,217	882,217	620	6,045	1,525	544,426	329,601	882,217
Insurance contract liabilities	3,863,945	3,439,882	4	81	66	1,521,205	1,918,526	3,439,882
Trade payables	96,359	96,359	96,359	-	-	-	-	96,359
Other Payables (excluding statute based deductions)	531,903	417,509	-	-	417,509	-	106,439	523,948
Total Financial Liabilities	5,374,424	4,835,967	96,983	6,126	419,100	2,065,631	2,354,566	4,942,406
Assets held for managing liquidity risk								
Cash and cash equivalents (excluding assets reserved for retirement benefit obligation)	2,101,294	2,113,097	2,113,097	-	-	-	-	2,113,097
Financial assets	3,020,529	5,091,632	494,936	66,864	321,775	1,787,552	2,420,505	5,091,632
Trade receivables	59,577	59,577	59,577	-	-	-	-	59,577
Loans and receivables	846	846	-	-	846	-	-	846
Statutory deposit	200,000	200,000	-	-	-	-	200,000	200,000
Reinsurance assets (excluding prepaid re-insurance)	146,475	146,475	146,475	-	-	-	-	146,475
Other receivables (excluding prepayment)	119,416	119,416	-	-	119,416	-	-	119,416
Total assets held for managing liquidity risk	5,648,137	7,731,043	2,814,085	66,864	442,037	1,787,552	2,620,505	7,731,043
Net Liquidity (Gap)/Surplus	273,713	2,895,076	2,717,102	60,738	22,937	(278,079)	265,939	2,788,637
Cumulative Liquidity Surplus			**2,717,102**	**2,777,840**	**2,800,777**	**2,522,698**	**2,788,637**	

The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Credit & Reinsurance Risk Management

Credit Risk is the risk of loss arising from a counterparty's inability or unwillingness to fulfill its contractual obligations to the Company. The Company has an effective internal control and risk management system that ensures that all applicable guidelines and laws as regards credit risk are adhered to.

The key areas where ARM Life is exposed to credit risk are:
- Receivables arising out of direct insurance arrangements,
- Receivables arising out of reinsurance arrangements and
- Reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, Company's investment in debt securities as well as money market investing activities and other receivables. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

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

The Government of Nigeria has a long term rating of (B-) and a short term rating of (BB-) by Standard and Poors. This rating is for economies that face major on-going uncertainties to adverse business, financial and economic conditions but have the capacity to meet its financial commitments.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2015 is made up as follows:

Maximum exposure to credit risk

		2015		2014	
	Note	₦'000	%	₦'000	%
Cash and cash equivalents (excluding cash)	16	2,721,896	37%	2,277,660	42%
Investment securities - held to maturity	17(b)	4,141,511	57%	2,570,808	48%
Loans and receivables	18	179	0%	846	0%
Trade Receivables	19	26,848	0%	59,577	1%
Reinsurance Assets (excluding pre-paid reinsurance)	20	197,443	3%	146,475	3%
Other receivables (excluding prepayment)	22	32,173	0%	119,416	2%
Statutory deposits	26	200,000	3%	200,000	4%
Totals		**7,320,050**	**100%**	**5,374,782**	**100%**

The Company does not have any assets that were past due but not impaired.

Receivables arising out of direct insurance and re-insurance arrangements are summarized as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements (excluding prepaid reinsurance)	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Neither past due nor impaired	26,848	59,577	197,443	146,475
Impaired	331,263	304,188	16,086	16,086
Gross	**358,111**	**363,765**	**213,529**	**162,561**
Less allowance for impairment - specific	(331,263)	(304,188)	(16,086)	(16,086)
Net	**26,848**	**59,577**	**197,443**	**146,475**

Movements on the provision for impairment of receivables are as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements (excluding prepaid reinsurance)	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
At start of year	304,188	329,160	16,086	10,157
Increase/(decrease) in the year	27,075	(24,972)	-	-
Reclassification from trade receivables	-	-	-	5,929
At end of year	**331,263**	**304,188**	**16,086**	**16,086**

Concentration of credit risk

a) The credit risk are concentrated in the south-west region of Nigeria

b) The Company's credit exposure by the industry sectors of the Company's counterparties is as follows:

Industry sector		
Trade receivables - net		
	2015	**2014**
	₦'000	**₦'000**
Financial services	1,045	36,488
Services	676	9,389
Energy & Natural Resources	-	107
Others	25,127	13,593
	26,848	**59,577**
Other receivables - net (excluding prepayment)		
	2015	**2014**
	₦'000	**₦'000**
Financial services	24,936	109,442
Others	7,237	9,974
	32,173	**119,416**

Market Risk Management

Market risk is the risk of loss occurring as a result of unfavourable changes in market rates, such as equity prices, interest rates and foreign exchange rates. This could result in loss of value to the Company's proprietary investment portfolio (shareholders' fund) or fund set aside to meet future insurance and investment liabilities (policy holders' fund).

The Company's Market and Investment Risk Management practice seeks to achieve an appropriate balance between risks and returns in its investment decisions thereby reducing volatility to the Company's earnings and capital. The Company manages market risk by actively controlling investment activities and ensuring that positions are taken in accordance with the investment strategy set for the Company. The Company's investment policy outlines permissible investments, asset allocation limits and other position limits according to the Company's risk appetite and risk profile. Additionally, investment decisions go through the appropriate level of authorization before they are implemented.

The identification, measurement and management of market risk is categorised as follows:

Traded Assets

Traded assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

Non-traded Assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Company's investment in alternative securities such as real estate.

Foreign Exchange Risk

Foreign exchange risk arises from group life policies which are denominated in a currency other than the Company's functional currency, Naira. This category of assets will be exposed to adverse movements in the applicable foreign exchange rates as future claims would also be paid in similar currency. The Company does not currently carry significant foreign exchange risk as major portion of policies in foreign currency have been reinsured.

Interest Risk Management

Interest rate risk is the risk of loss to earnings arising from adverse changes in market interest rates on rate sensitive assets and liabilities. The Company carries some interest rate sensitive assets which are priced with fixed rates at varying frequencies.

Earnings Sensitivity

The Company measures its exposure to changes in earnings resulting from changes in prevailing interest rates using the anticipated impact of at least three (3) different hypothetical, but plausible, interest rate scenarios for periods of up to 12 months. These scenarios reflect best estimate, the most likely and worst-case conditions.

ARM Life Portfolio Analysis

2015: Table I Portfolio concentration analysis on ARM Life

Assets Type	**Exposure (₦'000)**	**%**
Money market (treasury bills and short term placements)	2,192,818	27
Equities & Funds	564,541	7
Bonds	3,405,279	42
Real Estate	1,952,000	24

2014: Table I Portfolio concentration analysis on ARM Life

Assets Type	**Exposure (₦'000)**	**%**
Money market (treasury bills and short term placements)	2,720,367	40
Equities & Funds	449,721	6
Bonds	1,986,872	29
Real Estate	1,709,502	25

The Company's exposure to market risk at 31 December 2015 is analyzed as follows:

Interest rate risk

2015	Carrying amount ₦'000	3months ₦'000	6months ₦'000	Over 1year ₦'000
Cash and cash equivalents (excluding cash and bank balances)	1,512,829	1,512,829	-	-
	1,512,829	1,512,829	-	-
Investment contract liabilities	1,410,007	641	4,617	1,404,749
Gap	102,822	1,512,188	(4,617)	(1,404,749)
Cumulative Gap		1,512,188	1,507,571	102,822

Interest Rate Shock	Impact on profit or loss and equity		
+1%	15,122	15,076	1,028
+2%	30,244	30,151	2,056
+4%	60,488	60,303	4,113
-1%	(15,122)	(15,076)	(1,028)
-2%	(30,244)	(30,151)	(2,056)
-4%	(60,488)	(60,303)	(4,113)

2014	Carrying amount ₦'000	3months ₦'000	6months ₦'000	Over 1year ₦'000
Cash and cash equivalents (excluding cash and bank balances)	2,176,811	2,176,811	-	-
	2,176,811	2,176,811	-	-
Investment contract liabilities	882,217	-	-	882,217
Gap	1,294,594	2,176,811	-	(882,217)
Cumulative Gap		2,176,811	2,176,811	1,294,594

Interest Rate Shock	Impact on profit or loss and equity		
+1%	21,768	21,768	12,946
+2%	43,536	43,536	25,892
+4%	87,072	87,072	51,784
-1%	(21,768)	(21,768)	(12,946)
-2%	(43,536)	(43,536)	(25,892)
-4%	(87,072)	(87,072)	(51,784)

Equity price risk

The table below shows the sensitivity of the Company's investment portfolio to changes in equity prices:

	2015 ₦'000	2014 ₦'000
Financial assets at fair value through profit or loss	421,588	285,661
Available for sale financial assets	142,953	164,060
	564,541	**449,721**

Interest Rate Shock	Impact on profit or loss and equity	
+20%	112,908	89,944
+10%	56,454	44,972
+5%	28,227	22,486
-5%	(28,227)	(22,486)
-10%	(56,454)	(44,972)
-20%	(112,908)	(89,944)

Capital Management

The Company's business strategy is to establish a strong presence in the retail space, thus creating a sustainable value for its stakeholders as the business grows. To achieve this, our capital management objective is to continue to maintain a strong capital base that is backed with high quality assets that would comply with regulatory requirements, support strategy implementation and sustain future development of business activities, while remaining compliant with capital requirements that have been set by our regulators.

Regulatory Minimum Capital Requirement

The Company's objective is to ensure that it manages its capital to enable it continue as a going concern and also to comply with the capital requirement prescribed by its regulator. The strategy for assessing and managing the impact on how to maintain and build its capital base is an integral part of the company's business strategy.

The Company's business strategy is to establish a strong presence in the retail space, thus further creating a sustainable value for its stakeholders as the business grows.

To achieve this, our capital management objective is to continue to maintain a strong capital base that is backed with good quality assets that would support strategy implementation and sustain future development of business activities, while remaining compliant with capital requirements that have been set by our regulators.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the Company. Life Insurance companies are required to maintain a minimum capital base of ₦2 billion. As at 31 December 2015, the capital base of the company of ₦1.74 billion dropped below the minimum capital base of ₦2 billion, and to this effect, ARM Life Plc has embarked on capital raise exercise.

Subsequent to the year end, an additional ₦400 million had been injected into the Company by the majority shareholder as deposit for shares. For further information, the unaudited statement of financial position as at 30 June 2016, as prepared under the responsibility of management, includes total equity amounting to ₦2,059,509,000.

Capital Requirement

in thousands of Naira	31 Dec 2015	31 Dec 2014
Minimum Regulatory Capital	2,000,000	2,000,000
Actual Qualifying Capital	1,740,046	2,289,181

The Company's solvency margin is calculated using parameters stipulated by NAICOM. This is reported to Management, at least on a monthly basis. The solvency margin is as calculated by the actuary and the percentage determined as at year end is 100%. That is, assets representing the Life and Deposit Administration Funds on the company's balance sheet were sufficient to cover the value of actuarially calculated net liabilities.

Assets/Fund Hypothecation

	Insurance Contract Liabilities	Investment Contract Liabilities	Annuity funds	Share-holders funds	2015 Total	2014 Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	441,275	780,970	902,551	597,470	2,722,266	141,590
Financial Assets:						
Quoted securities	99,572	-	196,752	125,264	421,588	285,661
Government bonds	31,337	423,910	2,890,224	59,808	3,405,279	1,986,872
Treasury bills	-	241,335	466,940	27,957	736,232	583,936
Placement with financial institution above 90 days	-	-	-	-	-	2,136,431
Unquoted securities	135,265	-	-	7,688	142,953	164,061
Loan and receivables	-	-	-	179	179	846
Trade receivables	26,848	-	-	-	26,848	59,577
Reinsurance assets	227,979	-	-	-	227,979	177,031
Deferred acquisition costs	12,631	-	-	-	12,631	26,649
Other receivables and prepayments	-	-	-	68,890	68,890	170,861
Investment properties	870,000	-	450,000	632,000	1,952,000	1,709,502
Property plant and equipment	-	-	-	167,022	167,022	244,363
Statutory deposit	-	-	-	200,000	200,000	200,000
Total	**1,844,907**	**1,446,215**	**4,906,467**	**1,886,278**	**10,083,867**	**7,887,380**

2. Operating segments

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Company's reportable segments:

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

31 December 2015	**Institutional Business**	**Retail Business**	**Annuity business**	**Company Summary**
	₦'000	**₦'000**	**₦'000**	**₦'000**
External revenues				
Gross premium earned	740,573	47,903	74,224	862,700
Reinsurance expenses	(131,782)	(25,770)	-	(157,552)
Other revenue	32,699	4,177	-	36,876
Total revenue	641,490	26,310	74,224	742,024
Interest and commission revenue	435,914	63,793	451,751	951,457
Expenses				
Net claims and underwriting expense	(429,205)	(52,922)	(562,359)	(1,044,486)
Other expenses	(531,580)	(555,032)	(56,309)	(1,142,921)
Operating loss before tax	116,618	(517,851)	(92,693)	(493,926)
Income tax expense	(35,317)	-	-	(35,317)
Operating loss after tax	81,302	(517,851)	(92,693)	(529,243)
Assets & Liabilities				
Reportable segment assets	3,731,185	1,446,215	4,906,467	10,083,867
Reportable segment liabilities	2,129,429	1,410,007	4,804,385	8,343,821

31 December 2014	Institutional Business	Retail Business	Annuity business	Company Summary
	₦'000	₦'000	₦'000	₦'000
External revenues				
Gross premium earned	969,208	15,376	76,043	1,060,627
Reinsurance expenses	(183,332)	(14,070)	-	(197,402)
Other revenue	47,081	-	-	47,081
Total revenue	832,957	1,306	76,043	910,306
Interest and commission revenue	219,511	21,667	101,071	342,249
Expenses				
Net claims and underwriting expense	(773,621)	(17,035)	(202,280)	(992,936)
Other expenses	(471,463)	(646,933)	(44,158)	(1,162,554)
Operating loss before tax	(192,616)	(640,995)	(69,324)	(902,935)
Income tax expense	(139,493)	-	-	(139,493)
Operating loss after tax	(332,109)	(640,995)	(69,324)	(1,042,428)
Assets & Liabilities				
Reportable segment assets	4,671,890	891,417	2,324,074	7,887,380
Reportable segment liabilities	2,397,303	882,217	2,318,679	5,598,199

Geographical Segment

Nigeria is the Company's primary geographical segment as all the Company's income is derived in Nigeria. Accordingly, no geographical segments information is reported.

3 Financial and insurance assets and liabilities

Accounting classification and measurement basis
The table below sets out the Company's classification of each class of financial assets and liabilities.

31 December 2015	Note	Loans & Receivables	Fair value through profit or loss	Available-for-sale	Held to Maturity	Other financial liabilities	Total carrying amount
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	16	2,721,896	-	-	-	-	2,721,896
Investment securities:							
Fair value through profit or loss	17(a)	-	421,588	-	-	-	421,588
Held to Maturity	17(b)	-	-	-	4,141,511	-	4,141,511
Available for Sale	17©	-	-	142,953	-	-	142,953
Loan and receivables	18	179	-	-	-	-	179
Trade receivables	19	26,848	-	-	-	-	26,848
Reinsurance assets	20	227,979	-	-	-	-	227,979
Other receivables (excluding prepayments)	22	32,173	-	-	-	-	32,173
Statutory deposit	26	200,000	-	-	-	-	200,000
		3,209,075	421,588	142,953	4,141,511	-	7,915,127
Insurance contract liabilities	27	-	-	-	-	6,281,648	6,281,648
Investment contract liabilities	28	-	-	-	-	1,410,007	1,410,007
Trade payables	29	-	-	-	-	38,458	38,458
Other payables	30	-	-	-	-	511,173	511,173
		-	-	-	-	8,241,286	7,691,655

31 December 2014	Note	Loans & Receivables	Fair value through profit or loss	Available-for-sale	Held to Maturity	Other financial liabilities	Total carrying amount
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	16	2,277,660	-	-	-	-	2,277,660
Investment securities:							
Fair value through profit or loss	17(a)	-	285,661	-	-	-	285,661
Held to Maturity	17(b)	-	-	-	2,570,808	-	2,570,808
Available for Sale	17(c)	-	-	164,060	-	-	164,060
Loan and receivables	18	846	-	-	-	-	846
Trade receivables	19	59,577	-	-	-	-	59,577
Reinsurance assets	20	177,031	-	-	-	-	177,031
Other receivables (excluding prepayments)	22	119,416	-	-	-	-	119,416
Statutory deposit	26	200,000	-	-	-	-	200,000
		2,834,530	285,661	164,060	2,570,808	-	5,855,059
Insurance contract liabilities	27	-	-	-	-	3,863,945	3,863,945
Investment contract liabilities	28	-	-	-	-	8 82,217	882,217
Trade payables	29	-	-	-	-	96,359	96,359
Other payables	30	-	-	-	-	555,130	555,130
		-	-	-	-	5,397,651	5,397,651

Fair value of financial assets and liabilities
The Company's accounting policy on fair value measurements is discussed under note Vm(x)

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Fair value measurements classified as level 1 include exchange-traded prices of equity securities and government securities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, for which fair value could not be determined and which are therefore carried at cost.

(i) Financial instruments measured at fair value - fair value hierarchy
The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

31 December 2015	**Note**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Financial assets at fair value through profit or loss	17(a)	421,588	421,588	-	-	421,588
Investment securities available for sale	17(c)	142,953	-	135,265	7,713	142,978
		564,541	421,588	135,265	7,713	564,566

31 December 2014		**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Financial assets at fair value through profit or loss	17(a)	285,661	285,661	-	-	285,661
Investment securities available for sale	17(c)	164,060	2,935	153,412	7,713	164,060
		449,721	288,596	153,412	7,713	449,721

Level 3 fair value represents investment securities available for sale, for which fair value could not be determined and which are therefore carried at cost. There was no movement in respect of these securities during the year.

(ii) Financial instruments not measured at fair value
The following table sets out the fair value of financial instruments not measured at fair value and analyses them by the level in fair value hierarchy into which each fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2015

	Note	Total carrying amount	Level 1	Total fair value
Assets		**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	16	2,722,266	-	-
Investment securities held to maturity	17(b)	4,141,511	4,709,413	4,709,413
Loans and receivables	18	179	-	-
Trade receivables	19	26,848	-	-
Reinsurance assets	20	227,979	-	-
Other receivables (excluding prepayments)	22	32,173	-	-
Statutory deposit	26	200,000	-	-
		7,350,956	4,709,413	4,709,413
Liabilities				
Investment contract liabilities	28	1,410,007	-	-
Trade payables	29	38,458	-	-
Other payables	30	511,173	-	-
		1,959,638	-	-

31 December 2014

	Note	Total carrying amount	Level 1	Total fair value
Assets		**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	16	2,278,022	-	-
Investment securities held to maturity	17(b)	2,570,808	2,357,933	2,357,933
Loans and receivables	18	846	-	-
Trade receivables	19	59,577	-	-
Reinsurance assets	20	177,031	-	-
Other receivables (excluding prepayments)	22	170,861	-	-
Statutory deposit	26	200,000	-	-
		5,457,145	2,357,933	2,357,933
Liabilities				
Investment contract liabilities	28	882,217	-	-
Trade payables	29	96,359	-	-
Other payables	30	555,130	-	-
		1,533,706	-	-

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Observable prices are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Assets and liabilities for which fair value approximates carrying value
For financial assets and financial liabilities that have a short-term maturity (less than three months). It is assumed that the carrying amounts approximate their fair values. This assumption is also applied to balances without a specific maturity.

4. Critical accounting estimates and judgement.

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

(a) The ultimate liability arising from claims made under insurance contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

Individual Business
Traditional Insurance Plans comprise the Consolidated Financial Plan, Term Assurance, Mortgage Protection Plan, Immediate and Deferred Annuities. For all individual business the gross premium method of valuation was adopted.

Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments including an allowance for rider benefits were applicable. Future cashflows were discounted back to the valuation date at the valuation rate of interest. Reserves for endowment business have been limited to a minimum of the surrender value at the valuation date.

Individual Deposit Linked Business
The reserve for the individual deposit based policies has been taken as the amount standing to the credit of the policyholder at the valuation date. Where policies have active life cover this has been valued using a cashflow projection approach as described above for other risk business.

Group Life Business
For Group Life Business the liability is made up of two parts as set out below. This is an appropriate methodology for this type of
- An Unexpired Premium Reserve (UPR) to capture the fact that some premiums are paid in advance and cover risk periods after the valuation date. The calculation is performed on a proportional basis of remaining coverage period to total coverage period. If the resulting reserve is considered inadequate to cover an additional Unexpired Risk reserve is held.

- An Incurred but Not Reported Reserve (IBNR) to capture the fact that claims can be expected to have occurred but have not as yet been reported to the company. The method applied is to look at past reporting patterns and use that as an indication of likely future experience. This is appropriate.

(b) Fair value of financial instruments
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3 of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. See note 3 for summary of fair value classification of the Company's financial assets.

(c) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment.

The fair value of the Company's investment in unquoted equity financial instrument (except for investment in MTN) could not be determined as there was no observable data on which to base the fair value determination; hence the carrying amount was based on cost. The investment is tested for impairment by comparing the cost of investment with the share of net assets in the investee company. Other factors such as whether the company is making profits from its operations and returns on the investment in form of dividend received are also considered.

(d) Impairment of available-for-sale quoted equity financial assets

The Company determines that available-for-sale quoted equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cashflow. In this respect, a decline of 20% or more is regarded as significant, and a period of 9 months is considered to be prolonged. If any such quantitative evidence exists for available-for-sale quoted equity financial assets, the asset is considered for impairment, taking qualitative evidence into account.

(e) Liabilities arising from insurance contracts

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 are determined using statistical analyses and the Company deem the reserves as adequate.

(f) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

(g) Recognition of deferred tax assets:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

5 Gross premium income

Analysis of gross premium income per class of business is as follows:

	2015	2014
	₦'000	₦'000
Gross premium		
Group life premium	882,019	1,135,816
Individual life premium	687,784	343,460
Annuity	2,452,074	2,394,722
Unbundling of investment contracts	(683,961)	(501,396)
	3,337,916	3,372,602
Movement in unearned premium reserve	(2,475,216)	(2,311,975)
	862,700	1,060,627

6 Reinsurance expenses

Reinsurance expenses are analysed as follows:

	2015	2014
	₦'000	₦'000
Outward co-insurance premium	-	11,674
Outward re-insurance premium	147,064	160,241
Unexpired reinsurance premium	10,488	25,487
	157,552	197,402

7 Fees and commission income

Commissions received comprise of commission earned from reinsurance, co-insurance and treaty businesses which the Company was involved during the financial year.

	2015	2014
	₦'000	₦'000
Fee and commission income	36,876	47,081
	36,876	47,081

8 Claims expenses

The claims incurred is analysed as follows:

	2015	2014
	₦'000	₦'000
Claims expense	713,345	686,806
Claims recovered	(282,089)	(167,705)
Write- back of outstanding claims (see note (27(c)(ii)))	(157,095)	-
Movement in IBNR	47,396	165,790
	321,557	684,891

9 Underwriting expenses

Underwriting expenses comprises:

	2015	2014
	₦'000	₦'000
Commission and other related expenses	150,081	166,753
Maintenance expenses	10,488	7,279
	160,569	174,032

10 Investment income

Investment income comprise:

	2015	2014
	₦'000	₦'000
Dividend income	23,827	39,711
Rental income	60,788	15,047
Other investment income	-	5,063
Interest income on financial assets measured at amortised cost (see (i) below)	210,001	153,820
	294,616	213,641

i. The sources of interest income on financial assets measured at amortised cost are as follows:

Interest income on held-to-maturity financial assets	36,447	65,383
Interest income on cash and cash equivalents	173,554	88,437
	210,001	153,820

11 Other operating income

	2015 ₦'000	2014 ₦'000
(Loss)/Profit on disposal of property and equipment	(16,639)	4,988
Exchange rate loss	(13,886)	(2,668)
Penalty on life policy	13,625	-
Write back of re-insurance payable (see (i) below and note (29(b)))	60,267	-
Annuity death benefit claim (see (ii) below)	10,322	-
Administration charges on co-assurance	7,766	5,225
Other income	18,160	17,387
	79,615	24,932

i. Write back of re-insurance payable relates to the write back of the outstanding premium payable to the Company's reinsurers, Africa Reinsurance Corporation and Continental Reinsurance Plc in respect of the Head of Service (HOS) 2012 insurance scheme. Following the default of the policy holder (HOS) in paying the outstanding 50% of the premium due in respect of the 2012 insurance contract, the insurance industry players through the aegis of the Nigeria Insurers Association (NIA) took a position that underwriters who participated in the said 2012 insurance scheme should settle only 50% of the reported claims therefrom. Accordingly, the outstanding premium payable to the reinsurers have now been written off to profit.

ii. Annuity death benefit claim relates to the income earned by the Company when an annuitant dies after the guaranteed period.

12 Net trading loss on financial assets

	2015 ₦'000	2014 ₦'000
Changes in net fair value of financial assets at fair value through profit or loss (see note (i) below and note 17(a)(i))	(41,297)	(60,815)
Disposal of AFS investments	1,718	23,643
Loss on sale of shares	-	(17,845)
	(39,579)	(55,017)

i. Changes in net fair value of financial assets at fair value through profit or loss represents the net unrealized gains and losses in fair value of these financial assets as a result of movements in fair value. These financial assets are all quoted equities on the Nigerian Stock Exchange. Their fair value represents quoted prices as at year end.

Analysis of the fair value changes are analysed below:

	2015 ₦'000	2014 ₦'000
Net fair value loss on insurance contract liabilities fund	(11,462)	(20,631)
Net fair value loss on annuity fund	(4,318)	(3,254)
Net fair value loss on shareholders fund	(25,517)	(35,963)
Net fair value loss on internally managed investments	-	(967)
	(41,297)	(60,815)

13. Impairment of financial assets

Impairment of financial assets is made up of:

	2015	2014
	₦'000	₦'000
(Write back)/charge on trade receivables (see note 19(ii))	(27,995)	17,744
Charge/(write back) on other receivables and prepayments (see note 22 (i))	21,256	(9,845)
	(6,739)	7,899

14. Loss on Revenue Account

	2015	2014
	₦'000	₦'000
Annuity revenue account (see note (27)(f)(iv))	(110,609)	(29,687)
Investment contract account (see note (28)(b))	63,792	(14,233)
	(46,817)	(43,920)

15. Management expenses

(a). Management expenses comprise of:

	2015	2014
	₦'000	₦'000
Personnel expenses (see 15(b) below)	518,639	555,079
Depreciation	71,241	80,791
Auditor's remuneration	12,000	12,000
Directors fees and allowances	14,945	10,911
Professional expenses	28,797	37,002
Levy, subscription and filling fees	67,719	21,348
Repairs and maintenance	21,071	45,703
Advertisement and branding	42,325	63,897
Stationery and office expenses	44,562	59,895
Corporate gifts and souvenirs	-	3,590
Agency expenses	56,550	44,599
Rent Expense	31,354	36,416
Service and bank charges	9,924	14,008
Travel expense	10,505	26,264
Outsourcing services	26,114	18,049
Insurance expenses	4,221	6,689
Internet service charge	13,844	13,192
Management service fees (see (i) below and note (42))	8,202	-
Shared Services (see (ii) below and note (42))	69,406	-
Fund manager fees (see note 42)	43,230	15,969
Administrative expenses	48,271	97,152
	1,142,920	1,162,554

i. Management service fees represents fees paid to Asset & Resource Management Company Limited, the ultimate parent company of ARM Life in respect of management and support services, human resources management, training and general administration services provided to the company during the year. Based on the management service agreement executed between the two companies in January 2015, ARM Life is expected to pay an amount equal to 1% of the gross premium income generated by the company during any financial year.

ii. Shared services represents the cost allocated to ARM Life Plc by Asset & Resource Management Company Limited in respect of services being provided by core business units whom have direct and active involvement in operational activities that ARM Life leverages on.

(b) Personnel expenses

Personnel expenses comprise of:

	2015	2014
	₦'000	**₦'000**
Wages and salaries	493,993	526,051
Contributory pension	24,646	22,391
Past service costs and interest	-	6,637
	518,639	555,079

16 Cash and cash equivalents

(a) Cash and cash equivalents comprises:

	2015	2014
	₦'000	**₦'000**
Cash in hand	370	362
Balances held with banks in Nigeria	1,209,067	100,849
Balances held with fund manager (see note 42)	56,243	40,380
Placements with financial institutions (see (b) below)	1,456,586	2,136,431
	2,722,266	2,278,022

(b) Placement with financial institutions comprises term deposits with maturity of less than 90 days from the purchase date of the instruments.

(c) Maturity profile of cash and cash equivalents

	2015	2014
	₦'000	**₦'000**
Current	2,722,266	2,278,022
Non-current	-	-
	2,722,266	2,278,022

17 Financial assets

The Company's financial assets are summarised below by measurement category in the table below.

	2015	2014
	₦'000	**₦'000**
Investment securities- fair value through profit or loss (see (a) below)	421,588	285,661
Investment securities- held to maturity (see (b) below)	4,141,511	2,570,808
Investment securities- available for sale (see (c) below)	142,953	164,060
	4,706,052	3,020,529

Maturity profile of financial assets

	2015 ₦'000	2014 ₦'000
Current	1,538,627	1,033,657
Non-current	3,167,425	1,986,872
	4,706,052	3,020,529

(a) Investment securities- fair value through profit or loss

	2015 ₦'000	2014 ₦'000
Quoted Shares - cost	1,535,139	1,357,915
Fair value loss	(1,113,551)	(1,072,254)
	421,588	285,661

i. The movement in provision for impairment on financial assets at fair value through profit or loss during the year is as follows:

	2015 ₦'000	2014 ₦'000
Beginning of the year	1,072,254	1,011,439
Increase in fair value loss (see note 12)	41,297	60,815
	1,113,551	1,072,254

Changes in fair values of financial assets at fair value through profit or loss are recorded as net trading income on financial assets in the income statement. The fair value of all equity securities is based on their current bid prices on the Nigerian Stock Exchange.

(b) Investment securities- held to maturity

	2015 ₦'000	2014 ₦'000
Debt securities:		
Bonds - quoted	3,303,392	1,986,872
Bonds - unquoted	101,887	-
Treasury bills - quoted	736,232	583,936
	4,141,511	2,570,808

i. Debt securities - Bonds

Bonds comprise:

	2015 ₦'000	2014 ₦'000
Quoted:		
FGN Bonds		
13.05% 16-Aug-2016	237,854	238,679
15.10% 27- Apr-2017	207,368	208,818
16.00% 29-June-2019	98,328	-
15.54% 13-Feb-2020	111,130	-

16.39% 27-Jan-2022	113,493	114,080
16.48% 13 May 2022	102,103	-
14.20% 14-Mar-2024	986,974	897,854
12.15% 18-Jul-2034	1,126,972	290,352
State Bonds		
NIGER 14.00% 04-Oct-2018	70,381	88,237
LAGBOND 13.50% 27-Nov-2020	45,566	45,566
Corporate Bonds		
UBABOND 13.00% 30-Sep-2017	203,223	103,286
	3,303,392	1,986,872
Unquoted:		
State Bonds		
ZAMBOND 17.00% 19-May-2022	101,887	-
	101,887	-
	3,405,279	1,986,872

ii. Quoted Debt securities - Treasury bills

Treasury bills comprise:

	2015 ₦'000	2014 ₦'000
Nigerian Treasury Bills - 18-Feb-16	215,837	-
Nigerian Treasury Bills - 03-Mar-16	311,852	-
Nigerian Treasury Bills - 24-Mar-16	88,702	-
Nigerian Treasury Bills - 04-Jan-16	91,885	-
Nigerian Treasury Bills - 01-Sep-16	27,956	-
Nigerian Treasury Bills - 22-Jan-15	-	90,377
Nigerian Treasury Bills - 05-Feb-15	-	48,934
Nigerian Treasury Bills - 19-Feb-15	-	245,842
Nigerian Treasury Bills - 09-Apr-15	-	66,612
Nigerian Treasury Bills - 03-Dec-15	-	132,171
	736,232	583,936

Movement in held to maturity investment securities during the year is as follows;

	2015 ₦'000	2014 ₦'000
Beginning of the year	2,570,808	386,978
Additions during the year	3,081,223	2,651,330
Redemption	(1,510,520)	(467,500)
	4,141,511	2,570,808

The movement in held to maturity investment securities during the year is as a result of additional bonds and treasury bills purchased and redemption of bonds.

(c) Investment securities- available for sale

	2015	2014
	₦'000	**₦'000**
Mutual funds - quoted	21,800	24,735
Unquoted shares	121,153	139,325
	142,953	164,060

i. Available for sale investment securities can be analysed as follows:

	2015	2014
	₦'000	**₦'000**
Mutual funds - cost	20,000	21,217
Unquoted shares - cost	152,086	152,086
	172,086	173,303
Fair value gains	23,805	43,695
Impairment loss	(52,938)	(52,938)
	142,953	164,060

ii. The movement in fair value gains during the year is as follows:

	2015	2014
	₦'000	**₦'000**
Beginning of the year	43,695	24,054
Additions during the year	(18,172)	25,085
On disposal of AFS investment securities	(1,718)	(5,444)
	23,805	43,695

iii. The movement in impairment during the year is as follows:

	2015	2014
	₦'000	**₦'000**
Beginning of the year	52,938	52,938
Additions during the year	-	-
	52,938	52,938

The unquoted shares (except for investment in MTN) are carried at cost less impairment, as the fair value cannot be reliably determined.

iv. Investment in mutual funds comprises of:

	2015	2014
	₦'000	**₦'000**
At cost		
Bedrock fund	20,000	20,000
Discovery fund	-	1,217
	20,000	21,217
Fair value gains	6,800	8,518
Impairment	(5,000)	(5,000)
	21,800	24,735

v. The fair value of mutual fund investment at the year end is analysed below:

	2015 ₦'000	2014 ₦'000
At fair value		
Bedrock fund	21,800	21,800
Discovery fund (see note 41)	-	2,935
	21,800	24,735

vi. Unquoted investment is analysed as follows:

	2015 ₦'000	2014 ₦'000
At cost		
Trustbond Mortgage Bank Plc (formerly Intercontinental Homes and Savings Limited)	3,125	3,125
Financial & Commercial Services	11,250	11,250
MTN	96,536	96,536
Golden Securities	10,000	10,000
Etisalat	31,163	31,163
	152,074	152,074
Fair value gains	17,017	35,189
Impairment	(47,938)	(47,938)
	121,153	139,325

	2015 ₦'000	2014 ₦'000
At fair value		
MTN	113,465	131,612
	113,465	131,612
At cost		
Financial & Commercial Services	3 ,823	3 ,823
Trustbond Mortgage Bank Plc (formerly Intercontinental Homes and Savings Limited)	2,189	2,189
Golden Securities	1,600	1,600
ETI Preference	101	101
	7,713	7,713
	121,178	139,325

18 Loans and receivables

	2015 ₦'000	2014 ₦'000
Staff loans	179	846
	179	846

Maturity profile of Loans and receivables

	2015 ₦'000	2014 ₦'000
Current	179	846
Non-current	-	-
	179	846

19 Trade receivables

	2015 ₦'000	2014 ₦'000
Due from brokers	1,212	6,843
Due from insurance companies	312,557	326,782
Co-assurance recovery receivable	44,342	30,140
	358,111	363,765
Impairment allowance - specific	(331,263)	(304,188)
	26,848	59,577

i. Maturity profile of trade receivables

	2015 ₦'000	2014 ₦'000
Current	26,848	59,577
Non-current	-	-
	26,848	59,577

Premium receivables/trade receivables are not admissible by NAICOM (National Insurance Commission) for the purpose of solvency margin determination.

ii. Movement in specific impairment

	2015 ₦'000	2014 ₦'000
Balance, beginning of year	304,188	329,160
Additions during the year (see note (13))	27,995	-
Co-assurance recovery receivable written off	(920)	-
Impairment reclassified to reinsurance assets (see note 20(ii))	-	(5,929)
Premium debts written off	-	(1,299)
Write back to income statement	-	(17,744)
Balance, end of year	331,263	304,188

The Company's trade receivables have no collateral as security and other credit enhancements. The Company has no loans or receivables that is past due but not impaired. Trade receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

As at 31 December 2015, the Company had no trade receivables that were past due or impaired whose terms were renegotiated.

20 Reinsurance assets

	2015 ₦'000	2014 ₦'000
Prepaid reinsurance	30,536	30,556
Reinsurance recoverable on claims - IBNR	66,521	44,739
	97,057	75,295
Reinsurance recoverable on claims paid and outstanding claims	147,008	117,822
	244,065	193,117
Impairment	(16,086)	(16,086)
	227,979	177,031

Prepaid reinsurance represents unamortised re-insurance cost at the end of the period. Cost associated with re-insurance are amortised over the life of the contract.

i. The movement in reinsurance assets during the year is as follows:

	2015 ₦'000	2014 ₦'000
Beginning of the year	177,031	206,485
Additions during the year	237,938	102,565
Payments during the year	(186,990)	(115,933)
Impairment	-	(16,086)
	227,979	177,031

ii. The movement in impairment during the year is as follows:

	2015 ₦'000	2014 ₦'000
Beginning of the year	16,086	10,157
Reclassification from trade receivables (see note 19(ii))	-	5,929
	16,086	16,086

Maturity profile of reinsurance assets

	2015 ₦'000	2014 ₦'000
Current	227,979	177,031
Non-current	-	-
	227,979	177,031

21 Deferred acquisition costs

	2015 ₦'000	2014 ₦'000
Beginning of the year	26,649	17,861
Commission paid	136,063	175,541
Amortization of commission	(150,081)	(166,753)
	12,631	26,649

Maturity profile of deferred acquisition costs

	2015	2014
	₦'000	₦'000
Current	12,631	26,649
Non-current	-	-
	12,631	26,649

22 Other receivables and prepayments

	2015	2014
	₦'000	₦'000
Prepayments	36,717	51,445
Dividend income receivable	-	307
Receivable from companies (see (a) below)	185,574	187,522
Receivable from property vendors (see note (b) below)	100,800	223,800
Interest receivable on statutory deposit	10,231	11,034
WHT receivable	10,008	-
Policy loans	4,500	4,389
Internally managed investments (see (c) below)	7,689	-
Asset debtors (see (d) below)	2,299	1,009
Sundry debtors	5,135	6,674
	362,953	486,180
Impairment	(294,063)	(315,319)
	68,890	170,861

i. The movement in impairment during the year is as follows:

	2015	2014
	₦'000	₦'000
Beginning of the year	315,319	305,474
(Write-back)/Additions during the year (see note 13)	(21,256)	9,845
	294,063	315,319

ii. Analysis of impairment of other receivables and prepayment and related assets:

Receivable from companies (see (a) below)	185,574	202,449
Impairment	(185,574)	(187,522)
	-	14,927

The movement in impairment during the year is as follows:

Beginning of the year	187,522	172,595
Additions during the year	-	14,927
Write-back during the year	(1,948)	-
	185,574	187,522
Receivable from property vendors (see (b) below)	100,800	223,800
Impairment	(100,800)	(127,797)
	-	96,003

The movement in impairment during the year is as follows:

	2015 ₦'000	2014 ₦'000
Beginning of the year	127,797	132,879
Write-back during the year	(26,997)	(5,082)
	100,800	127,797
Internally managed investments (see (c) below)	7,689	-
Impairment	(7,689)	-
	-	-

(a) Receivable from companies represents funds placed with Profound Securities Limited, Capital Trust Asset Management Company Limited and Ventures & Trust Limited over a long period of time but these companies were unable to meet with up the repayment of the obligation and the amount was fully impaired. During the year, the Company received N1,948,081 from Venture & Trust Limited. The impairment on the amount received has been written back to the income statement.

(b) Receivable from property vendors represents amounts paid by the Company in respect of the proposed purchase of investment properties. The directors, having given due consideration to the facts and circumstances (see (b)(i) below), have determined that the Company has no control over these properties. Accordingly, the carrying amounts were reclassified to other receivables pending the resolution of the issues surrounding the properties. The total amount transferred was N223,800,000. During the year, AMCON discharged the lien it had placed on two properties, hence the Company gained control over the properties. These properties have been reclassified from other receivables to investment properties (see note 23(c)). The outstanding balance of N100,800,000 has been fully impaired.

i. Movement during the year are as shown below:

Property details	Balance as at 1 January 2015	Transfer	Balance as at 31 December 2015
5 bedroom detached house located on Festival Road, VI	88,000	(88,000)	-
Land at Oworoshoki, Lagos State Residential Scheme	35,000	(35,000)	-
60 acres of Land at Simawa Village, Ogun State	57,800	-	57,800
Land at Edmund Crescent, Yaba, Lagos	43,000	-	43,000
	223,800	(123,000)	100,800

ii. A summary of the facts and circumstances considered are presented below:

Simawa Village, Ogun State

The property at Simawa village, Ogun State is currently under government acquisition. The Company is discussing with the State Government with a view to getting the government to allocate the land to the Company.

Edmund Crescent, Yaba, Lagos

A land situated at Plot 2 Block 1 Edmund Crescent, Yaba Lagos. There is currently a dispute over the ownership of the land and the matter is in court.

(c) Internally managed investments represent equity instruments for which recoverability is in doubt. These investments have been reclassified to other receivables and fully impaired.

(d) Asset debtors represents receivables from ex-staff for the sale of generator and motor vehicle.

Maturity profile of other receivables and prepayments

	2015	2014
	₦'000	**₦'000**
Current	64,249	38,430
Non-current	4,641	132,431
	68,890	170,861

23 Investment Properties

	2015	2014
	₦'000	**₦'000**
Balance at 1 January 2015	1,709,502	798,802
Additions during the year (see note (ii) below)	11,500	-
Reclassification from property and equipment	-	850,000
Changes in fair value (fair value gain)	107,998	60,700
Transfer from other receivables and prepayment (see note (i) below and note 22(c))	123,000	-
Balance at 31 December 2015	1,952,000	1,709,502

i. Investment property comprises a number of land and commercial properties held by the Company to earn rentals and for capital appreciation. AMCON had discharged the lien it placed on 2 units of detached house at IEI Estate and 1 unit of semi-detached house at IEI Estate, Ibadan, Oyo State. These properties have been transferred from other receivables (see note 21) to investment property following the resolution of ownership issues.

Rental income from investment property of N61m (2014: N15m) has been recognised as rent income.

ii. Addition to investment property represents the cost incurred by the Company to obtain Government planning approval for the Company's investment property at Kasumu Ekemode, Victoria Island.

iii. Changes in fair values are recognised as gains in profit or loss and included in fair value gain on investment properties. All gains are unrealised.

(b) The items of investment properties are valued as shown below:

	2015	2014
	₦'000	**₦'000**
5 bedroom detached house located on Festival Road, Victoria Island	450,000	430,000
Land at Oworonshoki, Lagos State Residential Scheme	10,000	9,502
2 units of detached house at IEI Estate, Ibadan- Oyo State	100,000	-
1 unit of semi-detached house at IEI Estate, Liberty road Ibadan	50,000	-
10 Plots of Land at Lafiaji, Eti-Osa, Lagos	142,000	105,000
4 bedroom detached bungalow at Emeka Anyaoku, Garki District FCT, Abuja	150,000	140,000
2 acres of Land at Honey City, Abuja	180,000	175,000
5 floors building at Kasumu Ekemode, Victoria Island	870,000	850,000
	1,952,000	1,709,502

(c) Movement in investment properties are shown below:

Property details	**Balance as at 1 January 2015**	**Additions**	**Transfer**	**Fair value gains**	**Balance as at 31 Dec. 2015**
5 bedroom detached house located on Festival Road, VI	430,000	-	-	20,000	450,000
Land at Oworoshoki, Lagos State Residential Scheme	9,502	-	-	498	10,000
2 units of detached house at IEI Estate, Ibadan-Oyo State	-	-	88,000	12,000	100,000
1 unit of semi-detached house at IEI Estate, Ibadan	-	-	35,000	15,000	50,000
60 acres of Land at Simawa Village, Ogun State	-	-	-	-	-
Land at Edmund Crescent, Yaba, Lagos	-	-	-	-	-
10 Plots of Land at Lafiaji, Eti-Osa, Lagos	105,000	-	-	37,000	142,000
4 bedroom detached bungalow at Emeka Anyaoku, Abuja	140,000	-	-	10,000	150,000
2 acres of Land at Honey City, Abuja 175,000	-	-	5,000	180,000	
Five (5) floors building at Kasumu Ekemode	850,000	11,500	-	8,500	870,000
	1,709,502	11,500	123,000	107,998	1,952,000

Property details	**Balance as at 1 January 2014**	**Additions**	**Transfer**	**Fair value gains**	**Balance as at 31 Dec. 2014**
5 bedroom detached house located on Festival Road, VI	430,000	-	-	-	430,000
Land at Oworoshoki, Lagos State Residential Scheme	8,802	-	-	700	9,502
2 units of detached house at IEI Estate, Ibadan- Oyo State	-	-	-	-	-
1 unit of semi-detached house at IEI Estate, Ibadan	-	-	-	-	-
60 acres of Land at Simawa Village, Ogun State	-	-	-	-	-
Land at Edmund Crescent, Yaba, Lagos	-	-	-	-	-
10 Plots of Land at Lafiaji, Eti-Osa, Lagos	93,000	-	-	12,000	105,000
4 bedroom detached bungalow at Emeka Anyaoku, Abuja	99,000	-	-	41,000	140,000
2 acres of Land at Honey City, Abuja	168,000	-	-	7,000	175,000
Five (5) floors building at Kasumu Ekemode	-	-	850,000	-	850,000
	798,802	-	850,000	60,700	1,709,502

(d) Valuation techniques used for fair valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed by Messrs Ubosi Eleh & Co., Estate Surveyors and Valuers (FRC/2014/NIESV/70000003997) as at 31 December 2015. The valuers are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss. The profits or losses on disposal are also reported in profit or loss as they occur.

The details of valuation techniques and significant observable inputs used in determining the fair value of investment properties are presented below:

Location of Properties	Valuation technique	Significant unobservable inputs
5 bedroom detached house located on Festival Road, VI	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal	*Situation:* Access through Ozumba Mbadiwe Road, Adetokunbo Ademola. Neighborhood is traversed by a network of tarred and motorable roads, predominated in commercial users. *Property description:* 5-bedroom detached house, 2 bedroom guest chalet, 2 bedroom servant quarter, a generator hut and a gate house. *Site:* well drained and measures approximately 1,230.10 square meters and secured by a perimeter fence wall.
Land at Oworoshoki, Lagos State Residential Scheme	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Situation:* Access through Third Mainland Bridge or Iyana Oworo-Bariga Road. Immediate neighborhood is predominantly of industrial users. *Property description :* vacant parcel of land that will be ripe for immediate development after Government's proposed sand filling project. *Site:* The site, which is rectangular in shape, appears firm, leveled, paved and well drained. It measures approximately 873.07square meters.
2 units of detached house at IEI Estate, Ibadan-Oyo State	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;	*Situation:* Access to the property is vide Ring Road Immediate neighborhood is predominantly of residential cum commercial users. *Property description:* development on site consists of 32 buildings comprising 2 (No) 5-bedroom detached house (C1 & C2)

	• values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Site:* The site, which is rectangular in shape, appears firm, leveled and well drained.
1 unit of semi-detached house at IEI Estate, Ibadan	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Situation:* Access to the property is vide Ring Road Immediate neighborhood is predominantly of residential cum commercial users. *Property description:* development on site consists of 32 buildings comprising a wing of 5-bedroom semi-detached house (A4) *Site:* The site, which is rectangular in shape, appears firm, leveled and well drained.
10 Plots of Land at Lafiaji, Eti-Osa, Lagos	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Situation:* Access is from the popular Lekki- Epe Expressway, and at the second "toll gate" by "Chevron", a right turning is made onto Lafiaji Road on which the subject property is located. The immediate neighborhood is predominantly industrial in outlook and comprises a number of private reside estates. *Property description:* prime vacant vast plot of land ripe for immediate development. *Site:* The site measures approximately 7,091.55 square meters. Access into the land is wide open. The site is a bare land ripe for development.
4 bedroom detached bungalow at Emeka Anyaoku, Abuja.	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming:	*Situation:* Access to the property is via Tafawa Balewa Road. Driving along Tafawa Balewa Road from CBN junction towards Garki Hospital. The neighborhood

	• a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal	is mixeduse in outlook, characterized by residential houses, offices, banks, guest houses etc. *Property description:* Development on site comprises 4 bedroom detached bungalow, 2 units of 1bedroom service quarters, an office, gate house and outdoor store house. *Site:* The site measures approximately 804.33 square metre fenced around its perimeter boundaries to a height of about 3meters with sandcrete block walls.
2 Acres of Land at Honey City, Abuja	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Situation:* Access to the property is via Apo Mechanic Village Road which takes its source from Nnamdi Azikwe dual carriage way by Apo roundabout. *Property description:* an undeveloped parcel of land measuring approximately 2 hectares. *Site:* The site is regular in shape; appears firm and well drained and covers a gross area of approximately 2 hectares.
Five (5) floors building at Kasumu Ekemode	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal.	*Situation:* Access to the property is vide Akin Adesola Road, which takes its route from Falomo Bridge and terminates at Bar Beach. The neighborhood is predominantly of commercial users. *Property description:* Development on site consists of purposely built office building on six floors and a water treatment house. *Site:* The site is regular in shape, appears firm and well drained and it has a total physically measured area of approximately 936.603 square metres.

Maturity profile of investment property

	2015 ₦'000	2014 ₦'000
Current	-	-
Non-current	1,952,000	1,709,502
	1,952,000	1,709,502

The fair values of the Company's investment property are categorised into Level 3 of the fair value hierarchy.

Level 3 fair value

The following tables show a reconciliation from the beginning balances to the closing balances for the fair value measurements of the Company's investment property.

	₦'000
Balance as at 1 January 2015	1,709,502
Additions during the year	11,500
Transfer from other receivables and prepayment	123,000
Changes in fair value (unrealised)	107,998
Balance as at 31 December 2015	1,952,000

	₦'000
Balance as at 1 January 2014	798,802
Reclassification from property and equipment	850,000
Changes in fair value (unrealised)	60,700
Balance as at 31 December 2014	1,709,502

24 Intangible assets

	2015 ₦'000	2014 ₦'000
Computer software:		
Cost:		
Balance, beginning of year	48,293	48,293
Additions during the year	-	-
Disposals during the year	-	-
Balance at year end	48,293	48,293
Accumulated amortisation:		
Balance, beginning of year	48,293	48,293
Charge for the year	-	-
Impairment	-	-
Balance at year end	48,293	48,293
Net book value:		
Balance end of year	-	-
Balance, beginning of year	-	-

25 Property and Equipment

December 2015

Cost	Leasehold Land	Building	Leasehold Improvement	Motor Vehicle	Furniture & Fittings	Office Equipment	Plant & Machinery	Computer Equipment	Total
	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
Balance as at 1/1/2015	-	-	43,798	129,011	98,349	69,264	43,320	54,124	437,866
Additions	-	-	-	18,480	-	-	-	3,645	22,125
Disposal	-	-	-	(55,054)	-	(1,969)	(3,607)	-	(60,630)
Balance, end of year	-	-	43,798	92,437	98,349	67,295	39,713	57,769	399,361
Accumulated depreciation									
Balance as at 1/1/2015	-	-	11,629	67,658	41,078	24,603	16,639	31,896	193,503
Charge for the year	-	-	9,142	27,021	11,798	8,684	7,755	6,840	71,241
Disposal	-	-	-	(28,453)	-	(345)	(3,607)	-	(32,405)
Balance, end of year	-	-	20,771	66,226	52,876	32,943	20,787	38,736	232,339
Net book value									
Balance as at 31/12/2015	-	-	23,027	26,211	45,473	34,352	18,926	19,033	167,022
Balance as at 1/1/2015	-	-	32,169	61,353	57,271	44,661	26,681	22,228	244,363

i. No leased assets are included in the above property and equipment account.

ii. The Company had no capital commitments as at the reporting date (2014: Nil)

iii. Maturity profile of property and equipment

	2015	2014
	₦' 000	₦'000
Current	2,291	176,618
Non-current	164,731	67,745
	167,022	244,363

A property of the Company was previously held for use but the management has changed the use of the property during the year and have reclassified the property to investment property. The difference between the carrying amount and its fair value has been recognised in OCI (See note 38).

Property and equipment

December 2014

Cost	Leasehold Land ₦' 000	Building ₦' 000	Leasehold Improvement ₦' 000	Motor Vehicle ₦' 000	Furniture & Fittings ₦' 000	Office Equipment ₦' 000	Plant& Machinery ₦' 000	Computer Equipment ₦' 000	Total ₦' 000
Balance as at 1/1/2014	110,107	329,187	39,350	180,136	98,806	58,369	44,760	47,620	908,335
Additions	-	3,645	4,448	-	1,005	10,920	-	6,775	26,793
Reclassification to investment property (see (i) below	(110,107)	(332,832)	-	-	-	-	-	-	(442,939)
Disposal	-	-	-	(51,125)	(1,462)	(25)	(1,440)	(271)	(54,323)
Balance, end of year	-	-	43,798	129,011	98,349	69,264	43,320	54,124	437,866
Accumulated depreciation									
Balance as at 1/1/2014	10,575	3,001	3,759	70,243	30,718	16,538	9,087	25,675	169,596
Charge for the year	1,390	5,535	7,870	31,769	11,822	8,090	8,008	6,307	80,791
Reclassification to investment property (see (i) below	(11,965)	(8,536)	-	-	-	-	-	-	(20,501)
Disposal	-	-	-	(34,354)	(1,462)	(25)	(456)	(86)	(36,383)
Balance, end of year	-	-	11,629	67,658	41,078	24,603	16,639	31,896	193,503
Net book value									
Balance as at 31/12/2014	-	-	32,169	61,353	57,271	44,661	26,681	22,228	244,363
Balance as at 1/1/2014	99,532	326,186	35,591	109,893	68,088	41,831	35,673	21,945	738,739

i. Analysis of property and equipment transferred to investment property

	2015 ₦' 000	2014 ₦'000
Cost	-	442,939
Accumulated depreciation	-	(20,501)
Fair value gain to reserves	-	427,562
	-	850,000

26 Statutory deposit

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

	2015 ₦'000	2014 ₦'000
Life business statutory deposit	200,000	200,000

The statutory deposit balance represents restricted cash balance held with the Central Bank of Nigeria and is not available for use in the day to day activities of the Company. They are measured at amortized cost.

Maturity profile of statutory deposit

	2015 ₦'000	2014 ₦'000
Current	-	-
Non-current	200,000	200,000
	200,000	200,000

27 Insurance contract liabilities

(a) Insurance contract liabilities comprises:

	2015 ₦'000	2014 ₦'000
Outstanding claims (see (c) below)	701,542	806,451
Life insurance contract liabilities (see (f) below)	5,580,106	3,057,494
	6,281,648	3,863,945

(b) Maturity profile of insurance contract liabilities

	2015 ₦'000	2014 ₦'000
Current	426	1,199,579
Non-current	6,281,222	2,664,366
	6,281,648	3 ,863,945

(c(i) Outstanding claims: represents the estimated ultimate cost of settling all claims arising from incidents reported as at the reporting date.

The aging analysis for claims reported and loss adjusted for life insurance contracts

	2015 ₦'000	2014 ₦'000
0 - 90	41,536	86,230
91- 180	29,246	63,071
181-270	89,575	20,116
271-360	69,207	117,028
Above 360	371,978	520,006
	701,542	806,451

(c(ii)) The movement in outstanding claims during the year is as follows:

	2015 ₦'000	2014 ₦'000
At start of year	806,451	865,934
Addition in the year	713,345	686,806
Payment during the year	(689,646)	(801,971)
Write-back to income statement (see (c(iii)) below and note (8))	(157,095)	-
Reclassification from coinsurance payables	28,487	55,682
At end of year	701,542	806,451

(c(iii)) During the year, the Board of Directors approved the write back of long outstanding claims to profit. These are outstanding claims that had remained in the books for five years and longer and whose underlying policies were underwritten in 2010 financial year and earlier.

(d) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS, Lassa fever and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Company charges for mortality risk on an annual basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

ARM Life Plc has a retention limit of ₦5million on any single life insured. The Company reinsures the excess of the sum assured over ₦5million. Some of the private schemes are also ceded based on a quota arrangement which is based on a percentage of ARM Life's proportion and this is a function of the nature of the scheme. The percentage ceded is usually approved by the management. Examples of such schemes are Julius Berger, etc.. The same arrangement applies to Head of Service but the percentage ceded varies for the 3 years. For Public sector insurance contracts like Independent National Electoral Commission, Nigerian Ports Authority etc.., the quota share arrangement varies as approved by the management.

(e) The following table reports the year end aggregated insurance contract liabilities for the in-force life insurance contracts by industry sector and location. The analysis of such contractual exposures are deemed to be the best indicator of the insurance risk concentration by industry and location for these contracts.

i. Analysis by industry

2015 Industry sector	Amount	% contribution
Financial services	95,347	2
Consumer goods	48,618	1
Services	170,549	3
Energy & Natural Resources	91,944	1
Engineering	34,384	1
Retail	4,804,385	76
Others	1,036,421	16
	6,281,648	100

2014 **Industry sector**	**Amount**	**% contribution**
Financial services	183,095	5
Consumer goods	58,211	2
Services	274,091	7
Energy & Natural Resources	70,483	2
Engineering	72,323	2
Retail	2,318,680	60
Others	887,062	22
	3,863,945	100

ii. Analysis of concentration risk by location

2015 **Location**	**Amount**	**% contribution**
South West	2,072,934	33
North Central	2,965,444	47
South South	1,243,270	20
	6,281,648	100

2014 **Location**	**Amount**	**% contribution**
South West	1,783,152	46
North Central	1,671,623	43
South South	409,170	11
	3,863,945	100

(f) **Life insurance contract liabilities:** Life insurance contract liabilities is assessed every year by qualified consulting actuaries in accordance with the Company's accounting policy.

Life insurance contract liabilities comprises:

	2015 **₦'000**	**2014** **₦'000**
Unearned premium reserves		
- Annuity	4,804,385	2,318,680
- Group life	116,430	126,919
IBNR claims	659,291	611,895
	5,580,106	3,05,494

(f(i)) Unearned premium reserves

These provisions represents the liability for business contracts where the Company's obligations have not expired at the year end. Movements are shown below:

	2015 **₦'000**	**2014** **₦'000**
At start of year	2,445,599	133,624
Increase in the period (net)	2,475,216	2,311,975
At end of year	4,920,815	2,445,599

(f(ii)) IBNR claims

These provisions represents the reserve for claims incurred but not reported at the reporting date. Movements are shown below

	2015 ₦'000	2014 ₦'000
At start of year	611,895	446,105
Increase in the period (net)	47,396	165,790
At end of year	659,291	611,895

(f(iii)) The movement in the annuity fund is as follows:

	2015 ₦'000	2014 ₦'000
At start of year	2,318,680	-
Additions in the year	2,452,074	2,394,722
Payments to annuitants	(454,505)	(134,012)
Reserving	(74,224)	(76,042)
Impact of discounting	562,360	134,012
At end of year	4,804,385	2,318,680

(f(iv)) Annuity Revenue Account

	2015 ₦'000	2014 ₦'000
Investment income	451,751	104,325
Impact of discounting	(562,360)	(134,012)
	(110,609)	(29,687)

Actuarial valuation

The latest available actuarial valuation of the life business funds was as at 31 December 2015. The actuarial value of the gross liability of the fund is N6,281,647,934 (31 December 2014: N3,863,944,293).

The analysis of the gross liability due to the fund holders is stated below:

	2015 ₦'000	2014 ₦'000
Gross liability		
- Individual	134,717	55,179
Unearned premium		
- Annuity	4,804,385	2,318,680
- Group life	116,430	126,919
IBNR*	275,005	256,014
AURR	541	10,195
Additional reserves	225,191	261,151
Credit Life	23,837	29,356
Outstanding claims	701,542	806,451
	6,281,648	3,863,945

The valuation of the Company's life business fund as at 31 December 2015 was carried out by HR Nigeria Limited consultant and actuaries. The valuation was done based on the following principles:

(i) For individual business, the gross premium method of valuation was adopted. Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments (death). Future cashflows were discounted back to the valuation date at the valuation rate of interest.

(ii) The valuation age has been taken as age last birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between the valuation date and end of the premium paying term.

(iii) An unexpired premium reserve was included for Group business policies, after allowing for acquisition expenses at a ratio of 20% of premium (31 December 2014: 30%). An Additional Unexpired Risk Reserve (AURR). was also held to allow for any inadequacies in the UPR for meeting claims in respect of the unexpired period. The claims rates underlying the AURR were based on pooled historical scheme experience.

(iv) No assets have been established in respect of Deferred Acquisition Costs (DAC).

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

The reserve for Group Deposit Administration business is the value of the funds at the valuation date.

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

(vii) No specific adjustment has been made for immediate payment of claims.

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

(ix) The account balance has been held as a reserve for lapsed deposit based policies that have not been paid out and the total premium paid till date has been held for the lapsed deferred annuity and personal pension plans. The reserve for endowments have been limited to a minimum of the surrender value at the valuation date.

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

(xi) Any policies issued according to substandard terms were valued using the same basis as standard policies.

(xii) The mortality table used in the valuation is the UK's Mortality of Assured Lives 1967-70 (A6670) with the exception of annuity business which used the UK's PA90 Annuitants table.

(xiii) The rate of interest used in the valuation is 10.25% pa (31 December 2014: 14.75%), with the exception of annuities which adopted an interest rate of 10.80% pa. (31 December 2014: 14.25%)

(xiv) Expenses for individual life, individual deposit business and annuity business were reserved for explicitly at ₦10,800 per policy per annum. All expenses were assumed to increase with inflation at 9.5% pa. Consumer Price Inflation as at December 2015 was 9.42%.

(xv) An additional reserve of ₦255,190,929 (31 December 2014: ₦261,151,028) representing a cautionary contingent reserve against expense overrun, unallocated premiums at the valuation date and reserve for unpaid lapsed pension policies is made over the 12 months following the valuation date.

(xvi) The solvency level at the valuation date was 100% (31 December 2014: 100%). That is, assets representing the Life and Deposit Administration funds on the Company's balance sheet amount were 100% of the value of the actuarially calculated net liabilities.

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The valuation of the Company's regulated annuity fund as at 31 December 2015 was carried out by HR Nigeria Limited consultant and actuaries. The valuation was done based on the following principles

Valuation Methodology

(i) The requirements of IFRS 4 was adopted in estimating the present value (at the review date) of the company’s future annuity payment obligations

(ii) Each annuity policy was valued using a monthly discounted cashflow method. The reserves are set equal to the present value of future annuity payments and attending expenses. The annuity guaranteed minimum payment period were recognised in the calculations.

(iii) The calculations allow for the following key features of IFRS 4:
a) IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
b) IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
c) IFRS requires the adequacy of recognised insurance liabilities test and an impairment test for reinsurance assets.

(iv) Liability Adequacy Test

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

“If an insurer applies a liability adequacy test that meets specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:
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 recognised in profit or loss.”

The calculation method satisfies the Liability Adequacy Test mentioned above

(v) Paragraphs 22-30 of IFRS 4 make reference to the setting of an IFRS compliant valuation basis. The following points are noted in particular:

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

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

In light of the above requirements, a valuation basis adopting the following principles was determined:
- The basis is a single set of realistic long term assumptions expected to reflect the average future experience of the business.
- Adjustments are then made to the individual assumptions for prudence and other considerations.

Valuation Assumption

(i) *Valuation Interest Rate*

	Rate	Annuity
Long Term FGN bond yield	11.15%	12.00%
Less prudent margin	- 0.25%	- 0.25%
Less reinvestment risk margin	0.00%	- 0.25%
Less tax (6%)	- 0.65%	- 0.69%
Annuity valuation interest rate (adopted)	10.25%	10.80%

(ii) *Expenses*

Provisions for expenses must be made, either explicitly or implicitly, in mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling our long term insurance contracts. IFRS 4 explicitly requires the coonsideration of claims handling expenses. The best estimate of maintenance expenses were calculated as the sum of per policy maintenance charges and the allocated operating expenses. The regulatory maintenance expense assumptions are derived by adding an additional prudence margin to the best estimate maintenance expenses to give the required assumption.

An expense analysis was carried out, which indicated that the actual maintenance per policy in 2015 was much higher than N10,800 (estimated around 66,000 per policy for anuities and 27,000 per policy for other products). The estimated therefore assume that there is an expense overrun which would continue to rise until the retail book expands to a more optimal level. A provision of ₦220m (2014: ₦194m) has however been made on a three year run off for expense overrun. The expense assumptions are as shown below:

Individual life	₦10,800pp
Group Life	Premium
Annuity business	₦10,800pp
Expense Overun Reserve	₦220,000,000

(iii) *Mortality Assumptions*

The following sample average expectation of life in line with the PA(90) UK published tables was used.

Age	Expectation of Life (in years)	
	Male	Female
50	26	31
60	18	23
70	12	15
80	7	8

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28 Investment contract liabilities

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

	2015 ₦'000	2014 ₦'000
Balance, beginning of the year	882,217	665,429
Deposit for the year	683,961	501,396
Guaranteed interest (see note i)	47,318	91,254
	1,613,496	1,258,079
Withdrawal	(203,489)	(375,862)
Balance, end of the year	1,410,007	882,217

	2015 ₦'000	2014 ₦'000
Current	5,258	106,149
Non-current	1,404,749	776,068
	1,410,007	882,217

i, Guaranteed interest on investment contracts represents interest which accrues to the account of investment contract holders. All these contracts are designated as financial liabilities and measured at amortized cost.

(b) Investment Contract Revenue Account

	2015 ₦'000	2014 ₦'000
Investment income	111,110	77,021
Guaranteed interest	(47,318)	(91,254)
Profit/(Loss) on investment contract	63,792	(14,233)

29 Trade payables

	2015 ₦'000	2014 ₦'000
Commission payable (see (a) below)	2,237	1,993
Reinsurance payable (see (b) below)	2,999	60,239
Coinsurance payable (see (c) below)	33,222	34,127
	38,458	96,359

(a) The movement in commission payable during the year is as follows:

	2015 ₦'000	2014 ₦'000
Beginning of the year	1,993	11,631
Additions during the year	25,248	25,167
Payments during the year	(25,004)	(34,805)
	2,237	1,993

(b) The movement in reinsurance payable during the year is as follows:

	2015	2014
	₦'000	**₦'000**
Beginning of the year	60,239	71,899
Additions during the year	121,475	159,553
Payments during the year	(118,448)	(171,213)
Write back to income statement (see note (11))	(60,267)	-
	2,999	60,239

(c) The movement in coinsurance payable during the year is as follows:

	2015	2014
	₦'000	**₦'000**
Beginning of the year	34,127	8,074
Additions during the year	120,306	138,791
Payments during the year	(121,211)	(112,738)
	33,222	34,127

Maturity profile of trade payables

	2015	2014
	₦'000	**₦'000**
Current	38,458	96,359
Non-current	-	-
	38,458	96,359

30 Other payables

	2015	2014
	₦'000	**₦'000**
Other payables comprise:		
Accruals	70,463	34,316
Pension payable	4,098	572
NHF	3	25
Dividend payable	911	911
Other liabilities (see note (i) below)	80,368	137,173
Pay As You Earn (PAYE)	2,787	2,670
Premium deposits (see note (ii) below)	9,923	9,728
Payable for Land of Honey, Abuja	73,000	73,000
Stale cheques (see note (iii) below)	16,515	16,515
Amount due to related parties (see note (iv) below and note (41))	42,430	13,292
WHT payable	10,899	11,702
VAT on commission	5,698	8,258
Unearned rent income	11,351	14,953
Unaccepted businesses (see note (v) below)	14,587	9,686
Workmen's compensation	9,643	10,643
Provision for backduty assessment	26,266	27,254
Payable to employees (see note (vi) below)	56,280	106,439
Sundry creditors (see note (vii) below)	75,951	77,993
	511,173	555,130

i. Other liabilities represent cash inflows into the Company's bank accounts that are yet to be identified and reconciled by the Company.

ii. Premium deposits represents premium collected from customers but yet to be recognized as premium in the books of the Company as at year end. This delay is as a result of incomplete documentation and once obtained, the amount is then recognised as premium income.

iii. Stale cheques represents unpresented cheques as at year end which had become stale. The Company issues cheques to their customers in respect of their claims during the year and these cheques are expected to be presented to the banks for onward payment. When this is not done by the customer, it becomes a reconciling item in the Company's bank reconciliation statement. In order for the Company to monitor these payments, they are reclassified to other payables pending when the cheques are re-issued.

iv. Amount due to related parties represents expenditure on shared services initially borne by the related parties and recoverable from the Company. It also includes the annual secreterial fees payable to the Company Secretary, ARM Trustees Limited.

v. Unaccepted business represents balances from client not accepted by the Company but to be transferred to other insurance companies. They are warehoused as liabilities until transfer to the insurance companies.

vi. Payable to employees represents the nominal liability due to employees of the Company and was determined based on the terms of the now defunct gratuity scheme which was discontinued effective 30 June 2013. Prior to that date, the Company offered its employees defined benefit plans in the form of a gratuity scheme. The Gratuity Scheme covered all employees and the terms of the scheme were such that payments were made to employees on resignation only if the employee has served the Company for a period of not less than five years. The gratuity benefit was based on an employee's six weeks of total emolument (Basic, Housing and Transport) for each completed year plus one year total emolument. Accordingly, the total gratuity liability payable to staff was re-computed based on the actual liabilities as at 30 June 2013.

vii. Sundry creditors represent obligations due to vendors of the Company as a result of part payment and for services enjoyed.

Maturity profile of other payables

	2015	**2014**
	₦'000	**₦'000**
Current	179,475	125,344
Non-current	331,698	429,786
	511,173	555,130

31 Current income tax liabilities

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

	2015	**2014**
	₦'000	**₦'000**
Balance beginning of year	132,522	11,913
Charge for the year (see note (b) below)	24,517	133,423
	157,039	145,336
Payments during the year	(133,330)	(12,814)
Balance at year end	23,709	132,522

Maturity profile of current income tax liabilities

	2015 ₦'000	2014 ₦'000
Current	23,709	132,522
Non-current	-	-
	23,709	132,522

(b) The tax charge for the year comprises:

	2015 ₦'000	2014 ₦'000
Corporate income tax charge		
i. Minimum tax	21,896	12,457
ii. Income tax		
WHT on dividend income	2,621	3,319
Prior year under provision	-	117,647
	2,621	120,966
Deferred tax charge for the year	10,800	6,070
Income tax charge for the year	13,421	127,036
Charge for the year (see note 31(a))	24,517	133,423

The Company's tax expense in the year has been assessed based on the minimum tax requirements as there was no taxable profit in the year. The minimum tax was computed on the basis of gross income according to the section 16 of the tax law.

(c) The effective tax reconciliation is as follows:

	Rate %	2015 ₦'000	Rate %	2014 ₦' 000
Loss before tax		(493,928)		(902,935)
Tax using the domestic corporation tax	30	(148,178)	30	(270,880)
Non-taxable income	91	(447,850)	28	(251,320)
Non-allowable expenses	(72)	357,120	(36)	324,204
Effect of unrecognized tax losses	(49)	241,464	-	-
Impact of industry tax law	1	(2,557)	(22)	197,997
WHT on dividend received	(1)	2,621	(0)	3,319
Minimum tax	(4)	21,896	(1)	12,457
Prior year under-provision of tax	-	-	(13)	117,647
CGT on unrealized gain on investment properties	(2)	10,800	(1)	6,070
	(7)	35,317	(15)	139,493

32 Deferred tax

	2015 ₦'000	2014 ₦'000
Beginning of the year	68,026	19,200
Movement during the year - Profit or loss	10,800	6,070
Movement during the year - OCI	-	42,756
	78,826	68,026

At year end, the Company recorded a deferred tax asset which would ordinarily have been recognised. However, the deferred tax asset has not been recognised because the Directors have determined that it is currently uncertain that there will be future taxable profit against which the tax assets can be utilised.

The analysis of unrecognised deferred tax is as follows:

In thousands of Naira	
Property and equipment	243,280
Unrelieved loss	871,064
Retirement benefit obligation	16,884
	1,131,228

The Company also recognised a deferred tax liability on the fair value gain on investment properties. This item is taxable under Capital Gains Tax (CGT) as opposed to Company Income Tax (CIT) and has not been netted off the deferred tax asset.

The analysis of recognised deferred liability is as follows:

In thousands of Naira	
Fair value gain (Reclassified property)	42,756
Fair value gain (investment properties)	36,070
	78,826

Maturity profile of deferred tax

	2015 ₦'000	2014 ₦'000
Within 12 months	-	-
After 12 months	78,826	68,026
	78,826	68,026

33 Share capital

Share capital comprises:

	2015 ₦'000	2014 ₦'000
Authorized:		
10,000,000,000 Ordinary shares of ₦0.50 each	5,000,000	5,000,000
Issued and fully paid:		
5,785,672,000 Ordinary shares of ₦0.50 each	2,892,836	2,892,836

34 Share premium reserve

Share premium is the excess paid by shareholders over the nominal value for their shares.

35 Retained earnings

Retained earnings are the brought forward recognised losses plus current period profits or loss attributable to shareholders.

36 Deposit for shares

The deposit for shares comprises proceeds from the Rights Issue of shares to the Company's shareholders. The Rights Issue was done to raise additional capital for the Company in a bid to meet the minimum capital required by the regulator.

37 Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

38 Revaluation reserves

The revaluation reserves relates to the revaluation of property and equipment immediately prior to its reclassification as investment property.

39 Statutory contingency reserves

The statutory contingency reserve is prescribed under Section 21 (1&2) of the Insurance Act. The Company is mandated to maintain a statutory contingency reserve to cover for the fluctuations in securities and variations in statistical estimates.

The statutory contingency reserve is credited with an amount of not less than 1% of the gross premium or 10% of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital.

40 Loss per share

Basic and Diluted loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of the shares. The effects of the potential ordinary shares arising from the Rights Issue are not reflected in the calculation of diluted loss per share because the effects are not dilutive.

Basic and Diluted loss per share

	2015 ₦'000	2014 ₦'000
Loss attributable to shareholders	(529,245)	(1,042,428)
Weighted average number of shares in issue	5,785,672	5,785,672
	(9)	(18)

41 Related party transactions:

The Company is controlled by ARM Traditional Asset Management Company Limited which owns 62.46% of the issued share capital.

During the year, the Company entered into commercial transactions with ARM Company (the ultimate parent), and other companies within the ARM Group. The amounts outstanding in respect of related party transaction as at reporting date to other companies within the ARM Group and companies in which the directors have interest are set out below:

		Relationship	Note	2015 ₦' 000	2014 ₦' 000
(a)	Interest income comprises:				
	Interest earned on placements with ARM	Ultimate parent company		-	15,279
	Ventures & Trusts Limited	Shareholder		-	1,656
				-	16,935
(b)	Premium written from related parties comprises:				
	ARM Pension Managers	Fellow subsidiary		8,504	5,011
	ARM Securities Limited	Fellow subsidiary		848	862
	ARM Trustees	Fellow subsidiary		1,745	1,014
	ARM Capital	Fellow subsidiary		1,132	883
	ARM Lakowe Lakes	Fellow subsidiary		1,013	848
	ARM Infrastructure Fund	Fellow subsidiary		2,897	-
	Assets & Resource Management Company Limited	Ultimate parent company		-	15,307
	E-Motion Advertising	Shareholder		1,048	834
	Teju Ogunjimi *resigned effective 30 November 2015	Managing Director		24,297	-
	Jumoke Ogundare	Non Executive Director		843	724
				42,327	25,484
(c)	Claims paid :				
	Asset & Resource Management Company Limited			103,415	-
				103,415	-
(d)	Placements:				
	Assets & Resource Management Company Limited	Ultimate parent company	16	56,243	40,380
				56,243	40,380
(e)	Investment in mutual fund:				
	Assets & Resource Management Company Limited	Ultimate parent company	17(c)(v)	-	2,935
				-	2,935

		Relationship	Note	2015 ₦' 000	2014 ₦' 000
(f)	Intercompany payable:				
	ARM Securities Limited	Fellow subsidiary		-	904
	ARM Investment Managers Limited	Fellow subsidiary		80	
	ARM Traditional Asset Management Company	Holding Company		620	
	ARM Trustees Limited	Fellow subsidiary		3,528	-
	Mixta Real Estate Plc	Fellow subsidiary		12,525	-
	Assets & Resource Management Company Limited	Ultimate parent company		25,677	12,388
			30	42,430	13,292
(g)	Fund management fees:				
	Assets & Resource Management Company Limited	Ultimate parent company	15	43,230	15,969
				43,230	15,969
(h)	Management service fees:				
	Assets & Resource Management Company Limited	Ultimate parent company	15	8,202	-
				8,202	-
(i)	Shared cost:				
	Assets & Resource Management Company Limited	Ultimate parent company	15	6 9,406	-
				69,406	-

42 Litigation

The company, in its ordinary course of business, is presently involved in 1 case as a defendant. ARM Life plc is the 8th defendant in this suit. The Claimant is claiming title to the whole expanse of land located between Edmund Crescent (formerly Elms Road/Taylor Drive) Yaba and City Way Yaba Lagos. A portion of the land was acquired by ARM Life Plc from Capital Trust Investment & Assets Management Limited in settlement of a debt. The plaintiff claims the sum of ₦10,000,000 (Ten Million Naira) from the defendants jointly and severally as damages for trespass. The directors having sought advice for professional legal counsel are of the opinion that, based on the advised received, no additional provision other than those in the books are deemed necessary for these claims.

43 Regulatory capital

The Company incurred a loss of ₦529,245,000 (2014:₦1,042,428,000) for the year ended 31 December 2015 and as of that date, the Company had a shareholders' funds of ₦1,740,046,000 (2014: ₦2,289,181,000) which is below the minimum regulatory capital requirement of ₦2 billion for Life Business operations. The loss was expected based on the new financial projections prepared upon the take over of the Company by the new core investors. The new financial projections took into account, the strategic thrust of the Company in the bid by the new investors to re-position it as a leading insurance company in the retail market space. However, the ability of the Company to continue to take on new businesses is significantly hinged on the successful recapitalisation of the Company to meet the minimum capital requirements of the Insurance Act. Despite the losses made, the Company was able to generate revenue and cash flows to settle its current liabilities in the normal course of business.

Subsequent to year end, the majority shareholder of the Company, ARM Traditional Asset Management Company Limited, transferred ₦400 million to the Company being an injection of additional capital by way of a Rights Issue. For further information, the unaudited statement of financial position as at 30 June 2016, as prepared under the responsibility of management, includes total equity amounting to ₦2,059,509,000.

Based on the foregoing, the directors confirm the Company to continue as a going concern, realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements are prepared on the going concern basis.

44 Events after reporting date

On 23 February 2016, the Company received an additional ₦400 million from the majority shareholder, ARM Traditional Asset Management Company Limited via a Rights Issue. The Rights Issue was performed to meet the minimum capital requirement as stipulated by the National Insurance Commission. For further information, the unaudited statement of financial position as at 30 June 2016, as prepared under the responsibility of management, includes total equity amounting to ₦2,059,509,000.

45 Directors and employees

(a) Directors

The remuneration paid to the directors of the Company were:

	2015 ₦'000	2014 ₦'000
Fees and allowances		
disclosed include amounts paid to :		
The Chairman	2,647	2,000
The highest paid Director	24,802	15,705

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges were :

	2015 Number	2014 Number
Below 1,500,000	3	-
1,500,001 - 2,000,000	1	5
2,000,001 - 5,000,000	-	-
5,000,001 - 9,000,000	-	-
Above 9,000,000	2	2

(b) Employees

	2015 Number	2014 Number
Executive Directors	1	2
Management	3	3
Non- Management	113	170
	117	175

The staff costs for the above persons was:

	2015 ₦'000	2014 ₦'000
Salaries and wages	493,993	526,051
Other pension costs	24,646	22,391
Past service costs	-	6,637
	518,639	555,079

© The number of employees of the Company, other than Directors, who received emoluments in excess of ₦100,000 are shown in the following ranges:

	2015 Number	2014 Number
100,001 - 2,000,000	66	119
2,000,001 - 2,800,000	13	22
2,800,000 - 3,500,000	10	6
3,500,001 - 4,000,000	1	6
4,000,001 - 5,500,000	13	9
5,500,001 - 6,500,000	6	3
6,500,001 - 7,800,000	3	2
7,800,001 - 9,000,000	1	1
9,000,001 - and above	4	7
	117	175

(d) Key management personnel compensation for the year comprises:

	2015 ₦'000	2014 ₦'000
Salaries, short term benefit and pension	61,962	42,910
Other allowances and benefits	11,062	11,090
Fees and allowances as Directors	7,565	10,911
	80,589	64,911

46 Contravention of laws and regulations

There were no cases of contravention of regulations during the year, hence no penalty was paid. (2014: ₦789,000)

Management's Discussions & Analysis

Management's Discussion and Analysis

Operational Risk Management

Operational Risk is the risk of loss arising from inadequate or failed internal processes, people, systems and/or external events. Operational risk is inherent in the Company's business and support activities. These risks could result from erroneous transactions, fraudulent acts, performance failure of vendors, business disruption, poor customer service delivery etc. Also, ARM Life Plc has established procedures and controls to manage market, counterparty credit, reputational and strategic risks. The potential of failure or inadequacy in these procedures and controls would result in an operational risk. These events could result in financial losses, regulatory sanctions and/or reputational damage to the Company.

- Execution, delivery and process management
- Business disruption and system failures
- Disaster and other events
- Clients, products and business practices
- Employment practices and workplace safety
- External fraud
- Internal fraud

Operational risk management forms part of the day-to-day responsibilities of managers at all levels. Each unit is responsible for the daily monitoring of operational risks and for reducing and preventing losses resulting from exposures to operational risks. Qualitative and quantitative methodologies and tools are applied to identify and assess operational risks and to provide management with information for determining appropriate mitigating measures. Independent monitoring of operational risk occurs through a number of activities within the Company's Risk Management function. The Company applies the following tools in managing operational risk:

i. Risk and Control Self Assessment (RCSA)

A forward looking evaluation of both current and potential risks faced by the various units within the organization on a daily basis. It also involves assessing the controls implemented to prevent, detect or mitigate the occurrence of the risks; as well as recommending actions for improving deficiencies, or designing new controls within the process. It is conducted in a workshop attended by experts within the business.

ii. Internal Loss Data Collection (LDC)

This represents a process with which the Company collects data on operational risk losses immediately after they occur. This data collection is facilitated with the use of a bespoke operational risk system, The OpRisk Manager. With this, risk events can be identified by any member of staff at any location within the Company, loss events are then subsequently assigned to a member of staff with sufficient knowledge and authority to perform a causal analysis, and to recommend remedial actions.

iii. Whistleblowing

Our Whistleblowing system enables anonymous as well as confidential reporting of observed misconduct. Stakeholders such as vendors, shareholders, clients and staff can make use of the Whistleblowing portal on the corporate website or call the Whistleblowing hotline for seamless reporting of misconducts. All information obtained via the Whistleblowing channels are thoroughly investigated, and disciplinary actions are applied when necessary. In addition to the benefit of early identification of misconduct, the Whistleblowing system serves as a preventive control for fraud, bribery and other forms of misconduct within the Company.

Reports generated from data collected from these operational risk management tools provide line managers, the Senior Management and the Board/ Board Committees with information to help monitor operational risk at appropriate levels within each business line.

Operational risk is recognized as a distinct risk category which the company manages within acceptable levels through sound operational risk management practices. The ultimate aim of the Company's operational risk management activities is to improve operational efficiency as well as the quality of service delivery to clients through:

- Improved processes and operational guidelines;
- Minimizing occurrence of avoidable risk events;
- Creating company-wide risk awareness that guides behaviors and creates a careful approach to transaction handling and execution.

Compliance Risk Management

Compliance risk is the risk of loss to the Company's earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards. This risk would not only result in financial loss via the payment of fines, but could also result in damages to the Company's reputation.

ARM Life Plc has a dedicated Compliance unit that ensures strict compliance with regulatory requirements and enforcement of internal guidelines at all times. In addition, the compliance Unit supports all units to ensure that regulatory reports and disclosures are made in a timely manner.

The Company's approach to managing compliance risk is proactive and premised on accepted principles of risk management. A regulatory Rule Library that contains key regulations, guidelines, framework pertaining to the Company's business activities is maintained. This Rule Library enables easy monitoring of regulatory requirements; and helps prevent violations and/or non-conformance. This Rule Library is updated as new/relevant legislations are released.

For the year ended 31 December 2015, the Company was not penalized or fined for contravention of laws or regulations.

Strategic & Reputational Risk Management

Strategic risk is the risk of loss to earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Some strategic risk factors with which the Company is faced includes: activities of competitors, political terrain, social mores, the economy, laws and regulations, and strategic business decisions (e.g. talent structure, remuneration, technology, business initiatives etc).

Reputational Risk on the other hand, is the risk of loss to earnings or capital arising from damage to the Company's reputation. This damage could be as a result of poor communications & crisis mismanagement, regulatory non-compliance, poor financial performance, corporate governance & leadership, inadequate Corporate Social Responsibility, workplace culture, poor service delivery.

The Company's Strategic & Reputational Risk is managed within the Corporate Strategy Unit and the Marketing & Corporate Communications Unit respectively.

Management's discussion and analysis

This Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Company's business, business strategy and performance, as well as how it manages risk and capital resources.

It is intended to enhance the understanding of the audited annual financial statements and accompanying notes, and should therefore be read in conjunction with these documents.

Reference in this MD&A to the "Company" means "ARM Life Plc"

All financial information presented in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS").

The Insurance industry regulatory reform of 'No premium No cover' and its strict adherence was effective January 1st 2013. The company has ensured full compliance with this reform.

Forward-Looking Statements:

The forward-looking statements in this document reflect the Company's expectations as at 4 August 2016 when the Company's Board of Directors approved this document, and are subject to change after this date. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events. They also reflect Management's current assumptions regarding the risks and uncertainties referred to below and their respective impact on the Company. The Company does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

In this Annual Report, financial review, forward looking statements reflect the Company's expectation that:

The Company's expected revenue in 2016 will be approximately N6.4billion. The Company's aspiration is to have a major dominance in the retail environment. This aspiration is driven by the anticipated growth in the retail market through an increased awareness on financial inclusion and literacy. The strategic actions of the Company will revolve around creating a well-balanced distribution platform, ensuring diversity on product offerings and creating amazing and repeatable experience for all our customers. We will also focus on building strong and competent teams to drive all the initiatives that will help us deliver unrivalled value to all Stakeholders.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these risks include but are not limited to:

- failure to realize revenue growth as a result of heightened competition, whether from current competitors or new entrants to the marketplace; changes in economic conditions including the rate of inflation or deflation, changes in interest and currency exchange rates and asset prices;
- adverse results from the Company's initiatives such as, the inability of the Company's IT infrastructure to support the requirements of the Company's business;
- the inability of the Company to manage receivables or the inability of the Company to collect the premiums as they become due;
- failure by the Company to maintain appropriate records to support its compliance with accounting, tax or legal rules, regulations and policies;
- failure of the Company to manage her relationship with Brokers and Insurance Agents;
- over-reliance on the performance and retention of third-party service providers
- supply and quality control issues with vendors;
- changes to or failure to comply with laws and regulations affecting the Company and its business,
- changes in the Company's income tax and regulatory liabilities including changes in tax laws, regulations or future assessments;
- the risk that the Company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the Company.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

Additional risks and uncertainties are discussed in the Company's Enterprise Risk Management section of this MD&A.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Company Strategic Priorities Include:

- Establish a very strong and experienced executive management team that will drive the creation of superior value for all our stakeholders.
- Inspire confidence and trust in the minds of our clients for the products and services offered by ARM Life Plc.
- Support the attraction and recruitment of excellent talent by promoting ARM Life's strengths and conducive work environment to potential employees.
- Advance the mutually beneficial relationship between us and our esteemed partners (brokers, re-insurers), and support the growth of the insurance industry through numerous initiatives.

Revenue and Underwriting Activities

Items	Current Period 2015 ₦'000	Prior Period 2014 ₦'000	Change
Gross premium written	3,337,916	3,372,602	-1%
Gross premium income	862,700	1,060,627	-19%
Reinsurance expenses	(157,552)	(197,402)	-20%
Net premium income	705,148	863,225	-18%
Fees and commission income	36,876	47,081	-22%
Net underwriting income	742,024	910,306	-18%
Loss before tax	(493,928)	(902,935)	-45%
Income taxes	(35,317)	(139,493)	-75%

Financial Condition

Financial Profile	Current Period 2015 ₦'000	Prior Period 2014 ₦'000	Change
Assets			
Cash and cash equivalents	2,722,266	2,278,022	20%
Investment securities:			
- Investment securities-fair value through profit or loss	421,588	285,661	48%
- Investment securities-held to maturity	4,141,511	2,570,808	61%
- Investment securities-available for sale	142,953	164,060	-13%
Loans and receivables	179	846	-79%
Trade receivables	26,848	59,577	-55%
Reinsurance assets	227,979	177,031	29%
Deferred acquisition costs	12,631	26,649	-53%
Other receivables and prepayment	68,890	170,861	-60%
Investment properties	1,952,000	1,709,502	14%
Intangible assets	-	-	0%
Property and equipment	167,022	244,363	-32%
Statutory deposits	200,000	200,000	0%
	10,083,867	7,887,380	

	Current Period 2015 ₦'000	Prior Period 2014 ₦'000	Change
Liabilities			
Insurance contract liabilities	6,281,648	3,863,945	63%
Investment contract liabilities	1,410,007	882,217	60%
Trade payables	38,458	96,359	-60%
Other payables	511,173	555,130	-8%
Current income tax liabilities	23,709	132,522	-82%
Deferred tax liability	78,826	68,026	16%
	8,343,821	5,598,199	

Key Financial Performance Indicators

The Company has identified specific key financial performance indicators to measure the progress of short and long term objectives.

Financial trends and ratios		
Business volumes and trends	**2015**	**2014**
Growth in gross premium written (in thousands of naira)	(34,686)	2,355,013
Premium growth rate	-1%	231%
Renewal rates	21%	66%
Profitability		
Underwriting profit ratio	8%	2%
Operating ratio	-34%	34%
Average return on investment	5%	6%
Return on equity	-30%	-34%

	2015	2014
Solvency and reserves		
Net premium/Shareholders' funds	41%	38%
Policyholders' funds/Shareholders' funds	442%	207%
Solvency ratio	100%	100%
% growth, Shareholders' funds	-24%	18%
% growth, Net premiums	-18%	1%
Liquidity		
Policyholders' funds/Liquid assets	283%	174%
Trade debts/Assets	0%	1%
Cash claims cover	847%	278%
Trade debts/Shareholders' funds	2%	3%
Investments		
Investment yield	4%	6%
% growth, Investment income	38%	-49%
Underwriting performance		
Underwriting performance ratio	23%	20%
Retention ratio	82%	81%
Claims (loss) ratio	46%	95%
Expense ratio	162%	135%
Combined ratio	230%	250%
Capital adequacy		
Gross risk ratio	37%	77%
Net risk ratio	46%	95%

Financial instruments

The Company discloses information on the classification and fair value of its financial instruments, as well as on the nature and extent of risks arising from financial instruments, and related risk management in the 2015 audited annual financial statements.

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of disclosure, controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported by senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standard (IFRS).

It should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting

Management has also been evaluated whether there were changes in the Company's internal controls over financial reporting that occurred during the period beginning on January 01, 2015 and ended on December 31, 2015 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Management determined that no material changes occurred during this period.

Supplementary Information

Deposit Administration Revenue Account

	Note	2015 ₦'000	2014 ₦'000
Investment Income	28	111,110	77,021
Guaranteed Interest	28	(47,318)	(91,254)
		63,792	(14,233)

Other National Disclosures

Statement of Value Added

for the year ended 31 December 2015

	2015 ₦'000	%	2014 ₦'000	%
Gross premium earned - Local	862,700	667	1,060,627	(397)
Other income - Local	519,105	401	450,680	(169)
Claims incurred, net commissions and operating expenses	(1,252,474)	(968)	(1,778,372)	666
Value added/(eroded)	129,331	100	(267,065)	100
Applied as follows:				
Employees (Staff cost)	518,639	401	555,079	(208)
Government taxes	35,317	27	139,493	(52)
Retained in business: Depreciation	71,241	55	80,791	(30)
To augment contingency reserve	33,379	26	33,726	(13)
Depletion of reserves	(529,245)	(409)	(1,076,154)	403
Value added/(eroded)	129,331	100	(267,065)	100

Financial Summary

Statement of financial position

In thousands of Naira	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Assets					
Cash and cash equivalents	2,722,266	2,278,022	1,512,333	2,731,674	2,713,491
Investment securities:					
- Investment securities-fair value through profit or loss	421,588	285,661	358,144	333,603	270,238
- Investment securities-held to maturity	4,141,511	2,570,808	386,978	297,426	363,910
- Investment securities-available for sale	142,953	164,060	272,781	192,747	158,760
Loans and receivables	179	846	804	4,649	26,515
Trade receivables	26,848	59,577	114,722	462,029	563,279
Reinsurance assets	227,979	177,031	206,485	201,071	405,119
Deferred acquisition costs	12,631	26,649	17,861	16,307	28,339
Other receivables and prepayments	68,890	170,861	201,235	38,324	108,531
Investment properties	1,952,000	1,709,502	798,802	932,502	599,702
Deferred tax asset	-	-	-	87,827	100,402
Intangible asset	-	-	-	-	20,380
Property and equipment	167,022	244,363	738,739	439,154	313,419
Statutory deposits	200,000	200,000	200,000	200,000	200,000
Total assets	10,083,867	7,887,380	4,808,884	5,937,313	5,872,085
Liabilities					
Insurance contract liabilities	6,281,648	3,863,945	1,445,663	1,173,964	1,104,645
Investment contract liabilities	1,410,007	882,217	665,429	695,122	352,792
Trade payables	38,458	96,359	91,604	452,146	317,396
Other payables and liabilities	511,173	448,691	453,755	222,468	94,510
Retirement benefit obligations	-	106,439	177,959	438,558	321,286
Current income tax liabilities	23,709	132,522	11,913	14,515	21,829
Deferred tax liability	78,826	68,026	19,200	66,515	43,206
Total liabilities	8,343,821	5,598,199	2,865,523	3,063,288	2,255,664
Net assets	1,740,046	2,289,181	1,943,361	2,874,025	3,616,421
Equity					
Share capital	2,892,836	2,892,836	2,892,836	2,892,836	2,892,836
Share premium	802,439	802,439	802,439	802,439	802,439
Retained deficits	(3,620,600)	(3,057,976)	(1,981,822)	(1,036,838)	(237,034)
Deposit for shares	1,002,000	1,002,000	-	-	-
Fair value reserves	23,805	43,695	42,253	38,108	4,121
Revaluation reserve	384,806	384,806	-	-	-
Statutory contingency reserve	254,760	221,381	187,655	177,480	154,059
Total equity	1,740,046	2,289,181	1,943,361	2,874,025	3,616,421

Statement of profit or loss

In thousands of Naira	**31 December 2015**	**31 December 2014**	**31 December 2013**	**31 December 2012**	**31 December 2011**
Gross premium earned	862,700	1,060,627	1,009,227	1,957,551	2,310,430
Net premium earned	705,148	863,225	854,974	1,431,205	1,848,143
(Loss)/Profit before taxation	(493,928)	(902,935)	(839,880)	(511,395)	553,976
Taxation	(35,317)	(139,493)	(94,929)	(73,179)	(3,651)
(Loss)/Profit after taxation	(529,245)	(1,042,428)	(934,809)	(584,574)	550,325
Transfer to contingency reserve	(33,379)	(33,726)	(10,175)	(23,421)	(55,033)
Transfer to retained earnings	(562,624)	(1,076,154)	(944,984)	(607,995)	495,292
Earnings per share (basic & diluted)	-9k	-18k	-16k	10k	10k

The financial summary presented represents the Company's available financial information from 31 December 2011.

Unpaid Dividend

A.R.M LIFE PLC

LIST OF UNPAID DIVIDEND {PAYMENT 1}

S/N	WARRANT NO.	NAME
1	31	ABAYOMI OLUWASENI FESTUS
2	34	ABOLARINWA FUNMILAYO ADENIKE
3	36	ADEBANJO KUNLE
4	37	ADEBAYO EMMANUEL SEYI
5	39	ADEBOWALE OLUBUNMI ESTHER
6	41	ADEKOYA ADEFUNMIKE LYDIA
7	44	ADENIYI TAJUDEEN FOLABI
8	45	ADEPONLE ADEBOWALE JAMES
9	28	ADESHINA ADEBANJI KAZEEM
10	51	ADIJATU AGBABIAKA
11	64	AKEJU OLUWAKEMI OLAITAN
12	65	AKERELE GBENGA SAMUEL
13	67	AKINWALE DANIEL OLUGBENGA
14	68	AKINWUNMI OLUWASEUN AKINYEMI
15	70	ALAKANBI ACCLINCE OYEINKURO FRANK
16	71	ALAWOYA ADEWUNMI OLARENWAJU
17	72	ALAWOYA BENJAMIN OLADOTUN
18	76	AMUDA ABIDEMI
19	89	BAKOGY KWAJI KWADA
20	8	BALOGUN IBINDOLAPO A.
21	90	BALOGUN OLUFUNKE OMOYAYO
22	92	BAMGBOPA K.TAJUDEEN
23	93	BELLO OLUWASEGUN OLATUNJI
24	96	BURUFEGHA SAMUEL STANLEY
25	97	CLAY OLAYEMI CECILIA
26	98	DAHUNSI OLAJIDE
27	100	DAUDA MURANA
28	101	DOSUMU ASHIMIU OLAYIWOLA
29	102	DUROSINMI OMOTOSHO ADIGUN
30	104	EDEVWIE FRANK
31	105	EDWIN S. OBIORA
32	107	EJESI GODWIN ABEN

S/N	WARRANT NO.	NAME
33	110	EKONG LEO EDAM UDO
34	111	ELEGBELEYE GBENGA
35	112	ELENGWU PASCHAL
36	114	EMMANUEL SAMUEL OLUSEGUN
37	119	FAGBENRO OLUTUNDE
38	120	FAJOBI ABIODUN BISI
39	122	FAYEMI A.MULIKAT
40	127	IDIAKHOA HELEN AGBON
41	29	IDOWU AARINOLA OLUSHOLA
42	128	IGE OLADELE VINCENT
43	130	IMEH IFEIOK JONAH
44	131	ISAH OMOZEGIELE
45	135	IZIOGBA HELEN OLOHIRENUAN
46	136	JIMOH OLALEKAN AHMED
47	137	JOHNSON CHRISTOPHER KIYARAMO
48	138	KILANKO SAMUEL TAIWO
49	141	KUSIMO BABATUNDE
50	30	KUYE ZAHEED ABAYOMI
51	142	KWAKU D.M.OLANIPEKUN
52	143	LABARAN ISAH AUDU
53	144	LANLEHIN OLADIPO
54	148	METHODIST CHURCH OWUTU
55	150	NIYI PROPERTIES LTD
56	153	NWEGBO INNOCENT PAUL
57	154	NWOKORIE CHRISTOPHER NNAMDI
58	155	OBAZEE EVBADOLOYI ROLAND
59	156	OBIOMA-OBIKEZE NJIDEKA CHRISTIANA
60	157	OBORO TITILAYO ENEYEME
61	158	ODAGBU ROSELYN
62	159	ODEJOBI FEMI OLADIMEJI
63	160	ODUNLAMI OLUFUNMILOLA ADESOLA
64	161	OGUNBAWO AJOKE RACHAEL
65	163	OGUNKEYE MONICA
66	164	OGUNNUSI MOROLAKE AFOLASADE

S/N	WARRANT NO.	NAME
67	165	OGUNTUGA TITILOPE
68	167	OJEME BEATRICE AGBON
69	168	OJO FRANCIS CHUWUYEM
70	169	OJURI ADEBOWALE ADEBUKOLA
71	176	OLADOYINBO OLUSOLA LANRE
72	179	OLUMIDE ADEDEJI ADEYEMI (MR. & MRS).
73	183	OMOTOSHO KAZEEM ADEMOLA
74	185	ONOGWU AUSTIN OKECHUKWU
75	187	OPUOWIE JOSEPH ZUOBOFA
76	188	ORAEGBUNAM MARIA AMAKA
77	189	OSINIBI O.FOLARIN
78	191	OYEGUNLE TUNDE SOLOMON
79	192	OYEKUNLE OLOWOKERE PHILLIP
80	194	PITAN SHOLA PELUMI
81	196	QUADRY YINKA AFEEZ
82	198	RASHEED ADEWALE
83	201	SALIU SANNI
84	202	SAMUEL O. BAMIDELE
85	203	SAMWELL NIGERIA LIMITED
86	204	SANNI AMUDA LATEEF
87	209	SWENDE ISAAC TERSUU
88	210	THOMAS T. JUMOKE OSOBU (MR. & MRS)
89	214	UANNKA CHIBUZOR ENYINNAYA
90	216	URAKWENI JONATHAN C

Proxy Form

ARM LIFE PLC.
RC.NO:58532

on **Wednesday, November 9, 2016** at The Darlington Hall, Plot CDE Industrial Crescent, off Town Planning Way, Ilupeju , Lagos

being a member/members of
ARM LIFE PLC.

Do hereby appoint

*____

Or failing him the Chairman of the Meeting as my/our Proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, November 9, 2016

Dated the ____ day of ________________ 2016

Shareholder's signature__________________________

RESOLUTIONS	For	Against
ORDINARY BUSINESS		
1. To receive the Audited Financial Statements for the year ended December 31, 2015 and the Reports of the Directors and Auditors thereon.		
2. To re-elect Directors		
3. To authorise the Directors to appoint Auditors for the financial year ending December 31, 2016 and to fix the Remuneration of the Auditors		
4. To elect members of the Audit Committee		
SPECIAL BUSINESS		
5. To ratify the appointment of Dr. Femi Oyetunji as a Director of the Company		
6. To ratify the appointment of Mr. Sadiq Mohammed as a Director of the Company		
7. To consider and if thought fit pass the following resolutions which shall be proposed as Special resolutions: 7.1. "That the authorised share capital of the Company be and is hereby increased from ₦5,000,000,000.00 (Five Billion Naira) to ₦10,000,000,000 (Ten Billion Naira) by the creation of an additional 10,000,000,000 (Ten Billion) ordinary shares of 50 Kobo each ranking parri-passu in all respects with the existing ordinary shares of the Company. 7.2. "That the Directors be and are hereby authorized to raise whether by way of an offer for subscription, special placing, rights issue or other methods or combination of methods, additional capital by way of issuance of ordinary shares, preference shares, convertible or non-convertible loans, stocks, medium term notes, bonds or other securities, in such tranches, series or proportions, at such coupons or interest rates within such maturity period and on such terms and conditions, including the provision of security for repayment, as the Directors may deem fit or determine, subject to obtaining the requisite regulatory approvals"		

7.3. "That the Directors of the Company be and are hereby authorised to enter into any agreement and/or execute any document necessary to or incidental to giving effect to the above resolutions." 7.4. "That the Directors of the Company be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of the regulatory authorities"		
8. To consider and if thought fit pass the following resolutions which shall be proposed as Special resolutions: 8.1. That the Memorandum of Association of the Company be and is hereby amended by deleting Clause 6 of the Memorandum and substituting it with the following new clause: "The authorised share capital of the Company is ₦10,000,000,000 (Ten Billion Naira) divided into 20,000,000,000 ordinary shares of 50 kobo (Fifty Kobo) each". 8.2. That the Articles of Association of the Company be amended by deleting Articles 37, 38, 39 and 40 which provide as follows: "i. Article 37: Subject to the provisions hereinafter contained shares in the company shall be transferrable by written instrument of transfer. The instrument of transfer of any share in the company shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. ii. Article 38: Without prejudice to the power of the company to register as shareholder any person to whom the right to any shares in the company has transmitted by operation of law, no transfer of shares in the company shall be registered unless and until a proper instrument of transfer has been delivered to the company. iii. Article 39: The Directors may decline to recognize any instrument of transfer unless: a. A fee as the Director may from time to time determine is paid to the company in respect thereof; b. The instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and c. The instrument of transfer is in respect of only one class of shares. iv. Article 40: The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year."		
Please indicate with an "**X**" in the appropriate column, how you wish your votes to be cast on the resolutions set out above.		

This proxy form should **NOT** be completed and sent to the registered office of the Registrar if the member would be attending the Meeting in person.

NOTES

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. This proxy form has been prepared to enable you exercise your vote if you cannot personally attend. All proxy forms should be deposited at the registered office of the Registrar (as stated in the notice) not later than 48 hours before the meeting.
2. Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked *) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.

3. In the case of joint shareholders, any of them may complete the form, but the names of all joint shareholders must be stated.
4. If executed by a corporation, the proxy form should be sealed with the common seal or under the hand of some officers or an attorney duly authorized.
5. The proxy must produce the Admission form sent with the Report and Accounts to obtain entrance at the Meeting.

IF YOU ARE UNABLE TO ATTEND, PLEASE DO THE FOLLOWING:
a. Write the name of your proxy (if any) where marked*
b. Ensure that the form is signed by you
c. Tear the proxy Form along the perforated lines and post so as to reach the registered office of the Registrar not later than 48 hours before the time of holding the Meeting.

ADMISSION FORM

ARM LIFE PLC.
Annual General Meeting admission

Please admit

To the 18th Annual General Meeting of ARM Life Plc which will be held at The Darlington Hall, Plot CDE Industrial Crescent, off Town Planning Way, Ilupeju, Lagos State.

IMPORTANT NOTICE:
1. The admission card must be presented by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
2. Shareholders or their proxies are requested to sign the admission card in the appropriate place before attending the Meeting.

ARM TRUSTEES LIMITED
Company Secretary

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THE ANNUAL GENERAL MEETING TO BE HELD AT 11:00 AM ON WEDNESDAY, NOVEMBER 9, 2016 AT THE DARLINGTON HALL, PLOT CDE INDUSTRIAL CRESCENT, OFF TOWN PLANNING WAY, ILUPEJU, LAGOS STATE

I/We ________________________________* being a Shareholder/Shareholders of ARM LIFE PLC

hereby appoint ________________________________* of ______________________________or

failing him the Chairman of the Meeting as my/our proxy to act and vote for me/us at the Annual General Meeting of

ARM Life Plc. to be held on Wednesday, November 9, 2016.

Dated this ________ day of ______________________, 2016

Signature ______________________________

* Kindly fill in **CAPITAL LETTERS**.
Please indicate with an "**X**" in the appropriate column, how you wish your votes to be cast on the resolutions set out above.

ARM LIFE

Living Benefits

Authorised and Regulated by the National Insurance Commission RIC 012