

Nigeria Sovereign Investment Authority
Unaudited interim consolidated and separate
financial statements
for the 6 months period ended 30 June 2018

Nigeria Sovereign Investment Authority
Index to unaudited consolidated and separate financial statements
For the 6 months ended 30 June 2018

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Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
For the 6 months ended 30 June 2018
General Information

Board of Directors	Mr Olajide Zeitlin (Chairman) Mr. Uche Orji (Managing Director) Mrs. Stella Ojekwe-Onyejeli (Executive Director)*** Mr. Aminu Umar-Sadiq (Executive Director)** Mr. Hanspeter Ackermann (Executive Director)* Ms. Halima Buba (Non-executive Director) Mr. Urum Kalu Eke, MFR (Non-executive Director) Mr. Asue Ighodalo (Non-executive Director) Mr. Bello Maccido (Non-executive Director) Ms. Lois Laraba Machunga-Disu (Non-executive Director)
Registered office	The Clan Place, 4th floor 4th Floor, Plot 1386A Tigris Crescent Maitama Abuja
Auditor	PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos
Secretary to the Authority	Mrs. Ezinwa Okoroafor (Acting)
Fund custodians	JP Morgan Chase & Co (Global Custodian) 25 Bank Street Canary Wharf London, E14 5JP. United Kingdom Stanbic IBTC Bank Limited (Local Custodian) IBTC Place 2, Walter Carrington Crescent Victoria Island Lagos, Nigeria

**Tenure as an Executive Director lapsed in August 2018*

***Was announced Executive Director 13 March 2019, effective 21 February 2019*

****Was announced Executive Director 13 March 2019, effective 17 October 2017*

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
For the 6 months ended 30 June 2018

Directors' report

1 Financial statements

The directors of the Authority present their report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the financial statements of the Authority and the subsidiaries (known as "the Group") and independent auditor's review report for the period ended 30 June 2018.

2 Principal activities

The Authority was established by the Nigeria Sovereign Investment Authority (Establishment etc.) Act, 2011 to manage excess funds from the country's sale of crude oil. This is performed through three (3) funds; Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF) and the Future Generation Fund (FGF). The Authority commenced operations in October 2012.

There have been no material changes to the nature of the Groups's business from the prior period.

3 Operating results

The following is a summary of the Group and Authority's operating results for the period:

	Group 30 June 2018 N'000	Authority 30 June 2018 N'000
Interest and investment income	20,240,577	18,283,015
Loss on financial assets	(7,173,656)	(7,436,002)
Net foreign exchange gain	1,649,915	1,649,482
Investment management and custodian fees	(581,723)	(508,259)
Impairment charge on financial assets	(7,081,521)	(103,445)
Loss from infrastructure subsidiaries investments	(6,559,761)	-
Other income	5,204,805	1,020,387
Operating and administrative expenses	(1,976,541)	(1,621,646)
Interest expense	(827,203)	-
Share of profit of investments accounted for using the equity method	154,772	-
Profit/(loss) before taxation	3,049,664	11,283,532
Total comprehensive income/ (loss) for the period	396,482	11,860,805

4 Objective

NSIA is an autonomous entity established under the laws of the Federal Republic of Nigeria with broad mandates to:

- a) enhance the development of Nigerian infrastructure
- b) provide stabilisation support in times of economic stress, and
- c) carry out such other activities as may be related to the above objects.

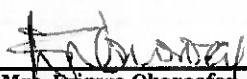
5 Governance and management

The Act establishes a Governing Council (the Council) for the Authority. The Council comprises the following:

- a) The President of Nigeria (who may be represented by the Vice-President);
- b) Governors of Nigeria's 36 States; and
- c) Eighteen other appointees, including:
 - (i) Attorney-General of the Federation;
 - (ii) Minister of Finance;
 - (iii) Minister in charge of the National Planning Commission.

6 Employee health, safety and environment

The Authority enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic locations within the Authority's premises.


Mrs. Ezinwa Okoroafor
 General Counsel
 FRCN/2016/NBA/00000015045

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
For the 6 months ended 30 June 2018
Statement of directors' responsibilities

In relation to the consolidated and separate financial statements for the period ended 30 June 2018:

The Nigeria Sovereign Investment Authority Act requires the preparation of consolidation and separate financial statements for each financial year that give a true and fair view of the state of financial affairs of the Authority and Group at the end of the period and of its profit or loss. The responsibility includes:

- a. ensuring that the Authority and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c. preparing the Authority and Group's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibilities for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act.

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

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

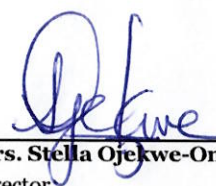
Signed on behalf of the board of directors by:



Mr. Uche Orji

Director

FRC/2014/IODN/00000007036



Mrs. Stella Ojekwe-Onyejeli

Director

FRC/2014/ICAN/00000005766



REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Introduction

We have reviewed the accompanying consolidated and separate interim statement of financial position of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the Group") as at 30 June 2018 and the related consolidated and separate statements of comprehensive income for the three-month and six-month periods then ended, and statements of changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and fair presentation of these consolidated and separate interim financial statements in accordance with the International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on these consolidated and separate interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated and separate interim financial statements do not give a true and fair view of the financial position of the Group and the Authority as at 30 June 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard 34 "Interim financial reporting".

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/ 00000000880



20 September 2019

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
Statement of comprehensive income
For the three and six month period ended 30 June 2018

	Notes	Group			
		Six months ended 30 June		Three months ended 30 June	
		2018 N '000	2017 N '000	2018 N '000	2017 N '000
Interest income	9	16,813,849	4,429,525	14,815,575	2,139,612
Investment income	10	3,263,663	2,642,856	2,119,886	1,332,723
Interest income on financial assets at FVTPL	11	163,065	-	86,275	-
Loss on financial assets	12	(7,173,656)	(3,801,788)	(6,475,149)	(3,102,711)
Net foreign exchange gain	13	1,649,915	9,843,543	66,959	10,201,383
Total operating income		14,716,836	13,114,136	10,613,546	10,571,007
Investment management fees		(530,721)	(400,154)	(410,429)	(76,888)
Global and local custodian fees		(51,002)	(19,702)	(7,504)	(19,681)
Total investment management and custodian fees		(581,723)	(419,856)	(417,933)	(96,569)
Impairment charge on financial assets	14	(7,081,521)	-	(1,081,344)	-
Total operating profit		7,053,592	12,694,280	9,114,269	10,474,438
Revenue from infrastructure subsidiaries investments	15	14,159,385	17,972,645	3,383,660	15,557,645
Expense from infrastructure subsidiaries investments	16	(20,719,146)	(21,049,031)	(9,823,243)	(18,889,576)
Loss from infrastructure subsidiaries investments		(6,559,761)	(3,076,386)	(6,439,583)	(3,331,931)
Other income	17	5,204,805	23,531	2,100,369	1,193
Operating and administrative expenses	18	(1,976,541)	(1,799,938)	(1,046,600)	(1,010,633)
Interest expense	19	(827,203)	-	(556,488)	-
Share of profit of investments accounted for using the equity method		154,772	31,080	66,810	(57,519)
Profit/(loss) before taxation		3,049,664	7,872,567	3,238,777	6,075,548
Taxation		(112,232)	-	(56,440)	-
Profit/(loss) for the period		2,937,432	7,872,567	3,182,337	6,075,548
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		-	3,640,550	-	935,556
Net change in fair value of financial assets at FVOCI		1,170,084	-	577,273	-
Share of other comprehensive income of associates and joint venture		19,197	252,122	7,011	6,671
Exchange differences on translating foreign operations		(3,730,231)	31,865	(1,279,528)	(54,941)
Other comprehensive income for the period		(2,540,950)	3,924,537	(695,244)	887,286
Total comprehensive income/(loss) for the period		396,482	11,797,104	2,487,093	6,962,835
Profit/(loss) attributable to:					
Owners of NSIA		2,938,366	7,872,105	3,183,223	6,075,182
Non-controlling interest		(934)	462	(886)	366
Total comprehensive income attributable to:		2,937,432	7,872,567	3,182,337	6,075,548
Owners of NSIA		398,409	11,796,709	2,487,948	6,962,502
Non-controlling interest		(1,927)	395	(855)	333
		396,482	11,797,104	2,487,093	6,962,835

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
Statement of comprehensive income
For the three and six month period ended 30 June 2018

	Notes	Authority			
		Six months ended 30 June		Three months ended 30 June	
		2018 N '000	2017 N '000	2018 N '000	2017 N '000
Interest income	9	16,813,849	4,429,525	14,815,575	2,126,571
Investment income	10	1,306,101	1,103,583	455,170	140,073
Interest income on financial assets at FVTPL	11	163,065	-	86,275	-
Loss on financial assets	12	(7,436,002)	(3,801,788)	(6,119,590)	(3,102,711)
Net foreign exchange gain	13	1,649,482	9,853,543	66,526	10,211,383
Total operating income		12,496,495	11,584,863	9,303,956	9,375,316
Investment management fees		(457,257)	(329,476)	(367,988)	(52,659)
Global and local custodian fees		(51,002)	(19,702)	(7,504)	(13,187)
Total investment management and custodian fees		(508,259)	(349,178)	(375,492)	(72,340)
Impairment charge on financial assets	14	(103,445)	-	33,271	-
Total operating profit		11,884,791	11,235,685	8,961,735	9,302,976
Revenue from infrastructure subsidiaries investments	15	-	-	-	-
Expense from infrastructure subsidiaries investments	16	-	-	-	-
Loss from infrastructure subsidiaries investments		-	-	-	-
Other income	17	1,020,387	3,328	1,016,914	990
Operating and administrative expenses	18	(1,621,646)	(1,221,651)	(809,284)	(625,445)
Interest expense	19	-	-	-	-
Gain on deemed disposal	25	-	-	-	-
Share of profit of investments accounted for using the equity method	25	-	-	-	-
Profit before taxation		11,283,532	10,017,362	9,169,365	8,678,521
Taxation		-	-	-	-
Profit for the period		11,283,532	10,017,362	9,169,365	8,678,521
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		-	3,577,051	-	710,801
Net change in fair value of financial assets at FVOCI		577,273	-	1,849,978	-
Other comprehensive income for the period		577,273	3,577,051	1,849,978	710,801
Total comprehensive income for the period		11,860,805	13,594,413	11,019,343	9,389,322

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
Statement of financial position as at 30 June 2018

		Group	Group	Authority	Authority
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
	Notes	N '000	N '000	N '000	N '000
Assets					
Cash and cash equivalents	20	250,128,334	22,336,959	225,278,535	8,545,297
Investment securities	21	445,663,951	429,852,525	429,141,704	404,313,672
Other assets	22	39,633,932	49,134,358	43,605,606	72,310,092
Inventories	23	11,908,001	13,797,596	-	-
Investment in subsidiaries	24	-	-	14,131,326	16,085,655
Investments accounted for using the equity method	25	4,537,588	2,453,380	1,600,490	1,600,490
Property and equipment	26	873,144	16,306,560	111,839	48,503
Intangible assets	27	2,499	1,201	-	63
Total assets		752,747,449	533,882,579	713,869,500	502,903,772
Liabilities					
Other liabilities	28	235,207,258	29,285,925	207,238,482	7,884,464
Borrowings	29	18,097,460	3,534,631	-	-
Total liabilities		253,304,718	32,820,556	207,238,482	7,884,464
Equity					
Equity attributable to equity holders of parent					
Contribution by Government	30.1	280,662,500	280,662,500	280,662,500	280,662,500
Retained earnings	30.2	212,985,172	170,402,086	222,937,558	170,859,498
Fair value reserve	30.3	2,723,139	43,190,981	3,030,960	43,497,310
Foreign currency translation reserve	30.4	3,069,117	6,801,726	-	-
		499,439,928	501,057,293	506,631,018	495,019,308
Non-controlling interest	30.5	2,803	4,730	-	-
		499,442,731	501,062,023	506,631,018	495,019,308
Total equity and liabilities		752,747,449	533,882,579	713,869,500	502,903,772

Signed on behalf of the Board of Directors on 16 September 2019 by:

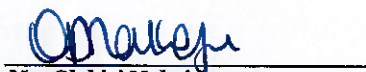


Mr. Uche Orji
 Director
 FRC/2014/IODN/00000007036



Mrs. Stella Ojekwe-Onyejeli
 Director
 FRC/2014/ICAN/00000005766

Additionally certified by:



Mrs Olubisi Makoju
 Financial Controller
 FRC/2014/ICAN/00000005765

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
Statement of changes in equity
For the 6 months ended 30 June 2018

Group	Contribution by Government N '000	Foreign currency translation reserve N '000	Fair value reserve N '000	Retained earnings N '000	Non-controlling interest N '000	Total equity N '000
Balance at 1 January 2017	204,375,000	7,958,502	36,661,140	147,845,348	4,623	396,844,613
Profit for the period	-	-	-	7,872,105	462	7,872,567
Currency translation differences	-	31,853	-	-	12	31,865
Net change in fair value of available for sale financial assets	-	-	3,640,628	-	(78)	3,640,550
Share of other comprehensive income of associates	-	-	252,122	-	-	252,122
Total other comprehensive income/(loss) for the period	-	31,853	3,892,750	-	(66)	3,924,537
Total comprehensive income for the period	-	31,853	3,892,750	7,872,105	396	11,797,104
Total transactions with owners	-	-	-	-	-	-
Balance at 30 June 2017	204,375,000	7,990,355	40,553,890	155,717,453	5,019	408,641,717
Group	Contribution by Government N '000	Foreign currency translation reserve N '000	Fair value reserve N '000	Retained earnings N '000	Non-controlling interest N '000	Total equity N '000
Balance at 1 January 2018	280,662,500	6,797,697	43,190,981	170,402,086	4,730	501,057,994
Changes on initial application of IFRS 9	-	-	-	(2,011,745)	-	(2,011,745)
Reclassification from fair value and currency reserves as a result of adoption of IFRS 9	-	-	(41,656,465)	41,656,465	-	-
Restated balance as at 1 January 2018	280,662,500	6,797,697	1,534,516	210,046,806	4,730	499,046,249
Profit/(loss) for the period	-	-	-	2,938,366	(934)	2,937,432
Currency translation differences	-	(3,728,580)	-	-	(1,651)	(3,730,231)
Net change in fair value of financial assets FVTOCI	-	-	1,169,426	-	658	1,170,084
Share of other comprehensive income of associates and joint venture	-	-	19,197	-	-	19,197
Total other comprehensive income for the period	-	(3,728,580)	1,188,623	-	(993)	(2,540,950)
Total comprehensive income for the periods	-	(3,728,580)	1,188,623	2,938,366	(1,927)	396,482
Balance at 30 June 2018	280,662,500	3,069,117	2,723,139	212,985,172	2,803	499,442,731

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Unaudited consolidated and separate financial statements

Statement of changes in equity

For the 6 months ended 30 June 2018

Authority	Contribution by Government N '000	Fair value reserve N '000	Retained earnings N '000	Total equity N '000
Balance at 1 January 2017	204,375,000	36,062,294	147,172,616	387,609,910
Profit for the period	-	-	10,017,362	10,017,362
Net change in fair value of available-for-sale financial assets	-	3,577,051	-	3,577,051
Total other comprehensive income for the period	-	3,577,051	-	3,577,051
Total comprehensive income for the period	-	3,577,051	10,017,362	13,594,413
Balance at 30 June 2017	204,375,000	39,639,345	157,189,978	401,204,323
Authority 30 June 2018				
Authority	Contribution by Government N '000	Fair value reserve N '000	Retained earnings N '000	Total equity N '000
Balance at 1 January 2018	280,662,500	43,497,310	170,859,498	495,019,308
Changes on initial application of IFRS 9	-	-	(249,095)	(249,095)
Reclassification from fair value and currency reserves as a result of adoption of IFRS 9	-	(41,043,623)	41,043,623	-
Restated balance as at 1 January 2018	280,662,500	2,453,687	211,654,026	494,770,213
Profit for the period	-	-	11,283,532	11,283,532
Net change in fair value of financial assets at FVOCI	-	577,273	-	577,273
Total other comprehensive income for the period	-	577,273	-	577,273
Total comprehensive income for the period	-	577,273	11,283,532	11,860,805
Balance at 30 June 2018	280,662,500	3,030,960	222,937,558	506,631,018

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority
Unaudited consolidated and separate financial statements
Statement of cash flows
For the 6 months ended 30 June 2018

	Notes	Group 30 June 2018 N '000	Group 30 June 2017 N '000	Authority 30 June 2018 N '000	Authority 30 June 2017 N '000
Cash flow from operating activities					
Profit/(loss) before income tax		3,049,664	7,872,568	11,283,532	10,107,362
Adjustments to reconcile profit/(loss) before tax to net cash flow from operating activities:					
Depreciation charge for the period	18	35,611	30,227	19,562	18,291
Amortisation of intangible assets	18	327	304	63	277
Interest income		(16,813,849)	(4,429,525)	(16,813,849)	-
Investment income		(3,263,663)	(2,642,856)	(1,306,101)	-
Interest income on financial assets at FVTPL		(163,065)	-	(86,275)	-
Gain on disposal of a subsidiary		(1,606,634)	-	(1,606,634)	-
Gain on deemed disposal		-	3,801,788	-	-
Unrealised gain/(loss) on financial instruments at FVTPL		(4,705,374)	6,058,029	(4,705,374)	6,058,029
Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales		(3,491,752)	-	-	-
Benefit from below market rate loan		(541,793)	-	-	-
Impairment losses	14	7,081,521	-	103,445	-
Interest expense		827,203	-	-	-
Share of profit/(loss) from associate and joint venture	25	(154,772)	(31,080)	-	-
Movements in operating assets/ liabilities:					
Inventories	23	1,889,595	(7,531,409)	-	-
Other assets	22	9,500,426	(21,563,298)	28,704,486	(42,680,728)
Other liabilities	28	205,921,333	9,416,165	199,354,018	1,466,395
Cash (used in)/generated from operations		197,564,778	(9,019,087)	214,946,873	(25,030,374)
Tax paid		-	-	-	-
Net cash generated from/(used) in operating activities		197,564,778	(9,019,087)	214,946,873	(25,030,374)
Cash flows from investing activities					
Purchase of property and equipment	26	(715,941)	(100,097)	(82,898)	(23,087)
Purchase of other intangible assets	27	(1,625)	(1,300)	-	-
Payment for loans and receivables financial assets		-	(85,897,144)	-	(85,676,620)
Payment for available-for-sale financial asset		-	(16,254,116)	-	(14,647,615)
Payment for held to maturity financial assets		-	(118,740)	-	(118,740)
Payment for financial assets at fair value		(24,597,039)	-	(14,734,501)	-
Proceeds from sale of financial assets at fair value		27,450,922	-	18,356,878	-
Investments in financial assets held at amortised cost		(36,799,559)	-	(36,983,803)	-
Proceeds from sale of financial assets at amortised cost		47,751,083	-	28,013,603	-
Investment and interest income received		3,182,651	16,628,560	2,006,639	13,128,560
Disposal of subsidiaries	24	1,954,329	-	1,954,329	-
Investments in joint ventures/associates	25	(1,910,740)	-	-	-
Net cash generated/(used) in investing activities		16,314,081	(85,742,837)	(1,469,752)	(87,337,502)
Cash flows from financing activities					
Proceeds from borrowings	29	20,000,000	-	-	-
Interest expense		(285,411)	-	-	-
Net cash generated from financing activities		19,714,589	-	-	-
Net cash movement for the period					
		233,593,448	(94,761,924)	213,477,121	(112,367,876)
Cash and cash equivalents at beginning of period		22,336,959	148,267,906	8,545,297	141,076,852
Net exchange gains/(losses) on cash and cash equivalents	20	1,649,915	3,672,414	1,649,482	3,581,023
Cash and cash equivalents at period end		257,580,322	57,178,396	223,671,900	32,289,999
Cash and cash equivalents comprise:					
Cash in hand	20	1,043	208	154	93
Bank balances	20	213,097,192	47,674,142	199,799,130	22,785,860
Placements with financial institutions	20	37,030,099	9,504,046	25,479,251	9,504,046
Total cash and cash equivalents		250,128,334	57,178,396	225,278,535	32,289,999

The accompanying notes on pages 11 to 103 form an integral part of these consolidated and separate financial statements.

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1 General Information

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') was established to receive, manage and invest the excess funds from the country's sale of crude oil in a diversified portfolio of medium and long-term investments. The Authority was setup by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial USD 1 billion in seed capital. The Authority commenced operations in October 2012.

The Authority is domiciled in Nigeria and its registered office address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

To actualise its mandate, the Authority has established three separate "ring-fenced" funds. They include Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). The investment activities of the funds are managed as follows:

Fund	Investment managers
Stabilisation Fund (SF)	UBS Global Asset Management Limited, Smith Graham & Co, Income Research + Management
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN)
Future Generations Fund (FGF)	Cevian Capital UK LLP, Blue Mountain, JHL Capital Group LLP, Edgbaston Investment Partners, Arbiter Offshore Limited, Somerset, Marathon Asset Management LLP, Chieftain Capital, Prince Street, Xenon Private Equity, Z Capital Partners, Helios Investment Partners, Healthcare Royalty Partners, Laurion, AQR Capital Management, Actis Capital, Africa Capital Alliance, Abraaj Group, Canyon Partners, RWC Partners Limited, Goldman Sachs Asset Management, Akina Euro Choice.

2 Structure and content

The financial statements comprise:

- (a) A statement of financial position at the end of the period;
- (b) A statement of comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

3 Basis of preparation

3.1 Statement of compliance

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority (NSIA) have been prepared in accordance with International Financial Reporting Standards (IFRS) on Interim financial information (IAS 34), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

3.2 Basis of measurement

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

- * Financial assets measured at fair value through other comprehensive income (FVOCI)
- * Financial assets and liabilities measured at amortised cost
- * Financial assets measured at fair value through profit or loss (FVTPL)

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3.3 (a) Functional and presentation currency

These financial statements are presented in Naira. All financial information presented in Naira has been rounded to the nearest thousands, except otherwise indicated. The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's presentation currency is the Naira.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'net exchange gains'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as financial assets at FVTOCI, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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3.4 Changes in accounting policy

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

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2018.

3.5 New Standards, amendments and Interpretations

3.5.1 Standards and interpretations effective and adopted in the current period

IFRS 9 Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group has adopted the standard for the first time in the 2018 financial statements.

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Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective. The effective date of the standard is for years beginning on or after 1 January, 2018 or when the entity first applies IFRS 9.

Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature. Entities with the following arrangements are likely to be affected by these changes: equity-settled awards that include net settlement features relating to tax obligations cash-settled share-based payments that include performance conditions, and cash-settled arrangements that are modified to equity-settled sharebased payments. The effective date of the standard is for years beginning on or after 1 January, 2018.

Annual improvements 2014-2016 cycle

The following improvements were finalised in December 2016: IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The effective date of the standard is for years beginning on or after 1 January, 2018.

Transfers of Investment Property – Amendments to IAS 40

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was recharacterised as a non-exhaustive list of examples to help illustrate the principle. The Board provided two options for transition: prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or retrospectively - only permitted without the use of hindsight. Additional disclosures are required if an entity adopts the requirements prospectively. The effective date of the standard is for years beginning on or after 1 January, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group has adopted the standard for the first time in the 2018 financial statements. The impact of this standard is not significant to the financial statements.

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IFRIC 22 Foreign currency transactions and advance consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 1 January, 2018.

The impact of this interpretation is not significant to the financial statements.

3.5.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January, 2019 or later periods:

IFRS 17 Insurance contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 1 January, 2021.

The Group expects to adopt the standard for the first time in the 2021 financial statements. The impact of this standard is currently being assessed.

The effective date of the standard is for years beginning on or after 1 January, 2021.

The Group expects to adopt the standard for the first time in the 2021 financial statements. The impact of this standard is currently being assessed.

IFRIC 23 Uncertainty over income tax treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January, 2019.

The Group expects to adopt the interpretation for the first time in the 2019 financial statements.

The Group is not affected by this amendment as it is exempted from paying all forms of taxes.

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IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- the right-of-use asset is subsequently measured on the cost model at cost less accumulated Depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all Other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

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Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January, 2019.

The Group expects to adopt the standard for the first time in the 2019 financial statements. The impact of this standard is currently being assessed.

Prepayment Features with Negative Compensation – Amendments to IFRS 9

The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The effective date of the standard is for years beginning on or after 1 January, 2019.

Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures. The effective date of the standard is for years beginning on or after 1 January, 2019.

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017: -IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. - IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. - IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. -IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The effective date of the standard is for years beginning on or after 1 January, 2019.

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Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must : - calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change - any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling - separately recognise any changes in the asset ceiling through other comprehensive income. The effective date of the standard is for years beginning on or after 1 January, 2019.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

4 Significant accounting policies

The accounting policies set out below were adopted by the Group in the presentation of these financial statements.

4.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss.

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Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Change in ownership interest subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

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(e) Joint arrangements

Under IFRS 11 - Joint Arrangements investments are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The entity has only joint ventures.

i) Joint operations

An entity that has an investment in joint operations recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

ii) Joint ventures

Interests in joint ventures are accounted for using the equity method at the Group financial statements level (see (f) below), after initially being recognised at cost in the separate financial statements.

The Authority has investments in only joint ventures, there were no investments in joint operations as at the end of the financial year.

(f) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Authority.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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4.2 Interest income and interest expense

Interest income and expense on financial assets are recognised in profit or loss 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 or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Interest income from financial assets at fair value through profit or loss disclosed separately in the statement of comprehensive income as "interest income on instruments measured at FVTPL".

4.3 Investment income

Investment income consists of dividends and income earned on the Group's equity, fund investments and fixed income products.

4.4 Transaction costs

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

4.5 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on short positions.

4.6 Income tax expense

The NSIA Act exempts the Authority from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria. The Authority is however mandated to pay tax on behalf of its employees and suppliers.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Thus the investment income accruing to the Authority is gross of such taxes and the related withholding tax expense is treated as an expense in the income statement.

Subsidiaries and other affiliates in Nigeria that are wholly owned subsidiaries incorporated outside Nigeria are subjected to taxes based on the territories of operations and this is shown in the Group.

4.7 Financial assets and financial liabilities (policy from 1 January 2018)

4.7.1 Recognition and initial measurement

The Group initially recognizes cash and bank balances, money market placements, investment securities, other financial assets, Other liabilities and borrowings on the date on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

4.7.2 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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(i) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Authority's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

In this case, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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Financial liabilities are measured at amortised cost, or fair value through profit or loss.

4.7.3 Subsequent measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net foreign exchange gains and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income in the statement of profit or loss and other comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

All financial assets other than those measured as described above are measured at FVTPL.

Financial liabilities

The Authority classifies its financial liabilities as measured at amortised cost and fair value through profit or loss.

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4.7.4 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Authority is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

4.7.5 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 method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

4.7.6 Fair value measurement

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Authority measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Authority establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Authority, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Authority calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

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Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

4.7.7 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.7.8 Investment in equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets measured at amortised cost is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

4.7.9 Investment in private equity funds

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method. This is done by obtaining

- i. the valuation of the Investee Fund's underlying investments;
- ii. the value date of the net asset value (NAV) provided;
- iii. cash flows (calls/distributions) since the latest value date; and
- iv. the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's General Partner.

4.7.10 Investment in fixed income products

The Group has classified some investments as fixed-income security during the financial year. Fixed income securities are debt securities which pays a fixed amount of interest in the form of coupon payments to investors. The interest payments are typically made periodically while the principal invested in repaid to the investor at maturity. Income is recognised on this investment when the interest payments are made.

4.7.11 Receivables

The fair value of short term receivables is measured at its carrying amount.

4.7.12 Impairment of financial assets

See credit risk disclosures for details on impairment of financial assets

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4.7.13 Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows, which are largely independent from other assets and Groups. Impairment losses are recognised in profit or loss. Impairment losses are recognised in profit or loss in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 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.

4.7.14 Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classified its financial assets in the following categories:

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

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

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Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above. Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at FVTPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVTPL – in profit or loss within other income
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or Group of financial assets was impaired. A financial asset or a Group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or Group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

- Assets carried at amortised cost: For loans and receivables, the Amount of the loss was measured as the difference between the asset's carrying Amount and the present value of estimated future Cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. the carrying Amount of the asset was reduced and the Amount of the loss was recognised in profit or loss. If A loan or held-to-maturity investment had A variable interest rate, the discount rate For measuring any impairment loss was the current effective interest rate determined under the contract. as A practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price. If, in A subsequent period, the Amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

- Assets classified as available-for-sale: If there was objective evidence of impairment For available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss. impairment losses on Equity instruments that were recognised in profit or loss were not reversed through profit or loss in A subsequent period. If the fair value of a debt instrument classified as available-For-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

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4.8 Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.9 Property and equipment

4.9.1 Initial recognition

All items of property and equipment are initially recognised at cost. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

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.

4.9.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

4.9.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. 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.

The estimated useful lives for the current and comparative period are as follows:

Assets	Annual depreciation rate
Furniture and fittings	5 years
Motor vehicles	4 years
Computer equipment	3.3 years
Office equipment	4 years

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

4.9.4 Derecognition

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

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4.10 Intangible assets - software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

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 expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

4.12 Inventory

Inventories are valued at the lower of cost and net realisable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity level.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

4.13 Trade payables

Trade payables are obligations that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.14 Contingencies

4.14.1 Contingent assets

Contingent asset is a possible asset 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 entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

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4.14.2 Contingent liabilities

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 entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

4.15 Employee benefits

4.15.1 Post employment benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Pension Scheme

The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively each of the qualifying employee's salary.

Obligations for contributions to defined contribution plans is recognised as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions.

Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

4.15.2 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority 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.

4.16 Revenue

Revenue is defined as income arising in the course of an entity's ordinary activities.

Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group determines whether a performance obligation is satisfied (and revenue is recognised) over time, or whether performance obligation is satisfied (and revenue is recognised) at a point in time for all contracts. All revenue derived by the entity (NSIA) are recognised at a point in time because it has met all indicators of transfer of control which should be considered. This includes the following:

- The Group has a present right to payment for the asset
- The legal title of the asset has been transferred to the customer
- The customer has taken physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset and;
- The customer has accepted the asset

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The Group recognizes revenue from the following sources:

- Sales of NPK fertilizers
- Interest/ investment income

In order to meet the core principle of recognising revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amount of consideration to which an entity expects to be entitled in exchange for those goods or services, a five-step model is adopted; this five steps are:

- Identify the contract with the customer
- Identify the distinct goods or services
- Determine the transaction price
- Allocate the transaction price
- Determine when to recognise revenue

Sale of NPK fertilizers

For sales of NPK fertilizers, revenue is recognised when control of the goods has transferred, being when the goods have been made available for pick up at the blenders premises. Agro-dealers and state governments are the only customers under this sale.

There are no provision to deliver the fertilizers to the customers. A receivable is recognised by the Group when the goods have been made available for pick up by the agro-dealers and state government, as this represents the point in time at which the right to consideration becomes unconditional based on the contract of sale the company has with its customers, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with credit terms of 90 days which is consistent with market practice.

There are no return policies and warranties granted to customers under the contract. The goods are sold directly to customers, there is no form of intermediary.

The NPK fertilizers are sold on price concessions based on amounts agreed with the Federal Government of Nigeria. Revenue from these sales is recognised based on the price specified in the contract with the customers (agro dealers and state governments). Where the agreed price leads to a loss position for the company, the federal government reimburse the entity for selling below cost price.

4.17 Below market borrowings (Government grants)

The Group, through its subsidiary, NAIC-NPK Limited benefits from the Central Bank of Nigeria's Real Sector Support Facility(RSSF) Scheme where the Federal Government of Nigeria/Central Bank of Nigeria through some commercial banks provide finance to companies in certain industries at subsidised interest rates. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

4.18 Capital and other commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. The Group may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the Group has contracted for expenditure but work has not commenced and no payments have been made.

4.19 Comparatives

Comparative figures where necessary, have been reclassified to conform to changes in classifications in the current accounting period.

4.20 Intercompany receivables

Intercompany receivables represent balances due from the Authority's subsidiaries as at the end of the financial period. The balance on the financial statements represents the carrying amount as at the end of the period.

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5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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 in the period in which the estimates are revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management.

5.1 Critical accounting judgments in applying the Authority's accounting policies

Critical accounting judgments made in applying the Authority's accounting policies include:

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 4.7.6. The fair values of quoted financial assets at fair value through OCI and financial assets at fair value through profit or loss are determined by reference to prices quoted in an active market. For financial assets at fair value through OCI equity investments which are unquoted, the Authority performs a fair valuation exercise on these investments using available and applicable inputs to determine their fair values.

The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or 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 inputs that are not based on observable market data. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's 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.

Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 4.7.2.

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5.1.2 Impairment of financial assets

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Group has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

5.1.3 Fair value of private equity investments

The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

6 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

6.1 Approach to risk management

With a global outlook, the Group's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Authority. The Group's Risk Framework seeks to explain the Authority's underlying approach to risk management, documents the roles and responsibilities of the Board of Directors, Risk Management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

6.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

6.2.1 Management of credit risk

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards, hence the Group only deals with counterparties that meet set credit ratings.

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6.2.2 Exposure to credit risk

Credit quality of financial assets.

The carrying amount of financial assets represents the maximum credit exposure per credit rating.

As at 30 June 2018, all financial assets were neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

<i>(i) Bank balances</i>	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Counterparties with external credit ratings				
A (Fitch)	-	6,492,094	-	-
A+ (Fitch)	-	4,045,473	-	832
A- (S&P)	13,808,723	7,762,495	510,661	5,489,286
B (GCR)	-	13,628	-	13,628
B (S&P)	1,113	73,031	1,113	-
B2 (Moody)	199,287,356	3,624,422	199,287,356	3,041,302
BBB+ (S&P)	-	9,135	-	-
Total cash at bank balances	213,097,192	22,020,278	199,799,130	8,545,048
<i>(ii) Money market placements</i>				
Counter parties with external credit ratings				
AA- (S&P)	22,407,673	-	22,407,673	-
B+ (Fitch)	-	316,208	-	-
B (S&P)	14,622,426	-	3,071,578	-
Total money market placements	37,030,099	316,208	25,479,251	-
<i>(iii) Other assets</i>				
Counter parties with external credit ratings				
B (GCR)	-	339,003	-	-
A-2 (S&P)	-	-	1,265,561	-
A+ (Fitch)	-	883,526	-	883,526
B (Fitch)	3,491,752	-	-	-
B2 (Moody)	-	32,599,743	-	32,599,743
	3,491,752	33,822,272	1,265,561	33,483,269
Counter parties without external credit ratings				
Other receivables	441,311	12,391,280	441,647	682,052
Account receivables	18,126,813	-	37,429	-
Intercompany receivables	10,926	-	41,750,815	38,113,681
Advances to staff	-	5,593	-	1,952
Total other assets (Financial assets)	22,070,802	46,219,145	43,495,452	72,280,954

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	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
(iv) Investment securities				
Counter parties with external credit ratings				
<i>Financial assets at amortised cost (2017: Held to maturity and loans & receivables)</i>				
A+ (S&P)	15,602,141	-	15,602,141	-
B (S&P)	26,915,090	7,800,593	26,915,090	7,800,593
B2 (Moody)	177,931,161	175,437	177,931,161	-
B3 (Moody)		5,803,799		5,803,799
BB+ (Fitch)		3,737,387		3,737,387
A+ (Fitch)		17,742,162		17,742,162
A1+ (Fitch)		-		-
A- (GCR)	38,865,626	9,292,907	38,865,626	9,292,907
AAA (Fitch)		5,322,660		-
A (Moody)	3,068,398	-	3,068,398	-
A2 (Moody)		7,747,972		7,747,972
A3 (Moody)		6,541,532		6,541,532
B (Fitch)		1,864,400		-
B+ (Fitch)	14,982,265	-	14,982,266	-
BBB+ (GCR)		6,766,061		6,766,061
CCC (Fitch)		-		-
BAA1 (Moody)		6,363,645		6,363,645
B2 (Moody)	4,657,795	134,641,851	4,657,795	134,641,851
B (S&P)		66,409,768		65,416,925
	282,022,476	280,210,174	282,022,477	271,854,834
Total financial assets at amortised cost (exclusive of impairment)	282,022,476	280,210,174	282,022,477	271,854,834

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	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
<i>Financial assets at FVOCI (2017: Available for sale)</i>				
Counter parties with external credit ratings				
B2 (Moody)	-	2,388,190	-	2,388,190
BBB- (GCR)	-	1,528,500	-	1,528,500
Baa3 (Moody)	-	6,075,231	-	6,075,231
	-	9,991,921	-	9,991,921
Counter parties without external credit ratings				
Financial assets at FVOCI (2017: Available for sale)	10,107,134	138,780,522	8,580,884	121,597,009
Total financial assets at FVOCI (2017: Available for sale)	10,107,134	148,772,443	8,580,884	131,588,930
<i>Financial assets at FVTPL</i>				
	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Counter parties with external credit ratings				
AAA (Moody)	38,215,852	-	38,215,852	-
Counter parties without external credit ratings				
Financial Assets at FV through profit and loss	112,177,266	869,908	97,181,270	869,908
Total financial assets at FVTPL	150,393,118	869,908	135,397,122	869,908

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6.2.3 *Concentration of risk of financial assets.*

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorised by geographical region as at 30 June 2018 and 31 December 2017. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

30 June 2018

In thousands of Nigerian Naira

	Nigeria	Rest of Africa	Europe	Group Middle East	Asia	America	Total
Cash and cash equivalents							
Money market placements	12,336,574	-	-	-	-	24,693,525	37,030,099
Bank balances	11,032,610	-	-	-	-	202,064,582	213,097,192
Other assets							
Other receivables	3,943,989	-	-	-	-	-	3,943,989
Account receivables	18,126,813	-	-	-	-	-	18,126,813
Investment securities							
<i>At amortised cost</i>							
Eurobonds	17,429,375	-	-	-	-	-	17,429,375
Open market operations bills (OMO bills)	177,931,161	-	-	-	-	-	177,931,161
Fixed deposits	90,155,702	-	-	-	-	-	90,155,702
<i>At FVTPL</i>							
US treasury notes	-	-	-	-	-	24,811,806	24,811,806
Fixed income products	-	-	-	-	-	13,404,046	13,404,046
	330,956,224	-	-	-	-	264,973,959	595,930,183

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In thousands of Nigerian Naira

	Nigeria	Rest of Africa	Europe	Group Middle East	Asia	America	Total
Cash and cash equivalents							
Money market placements	3,071,578	-	-	-	-	22,407,673	25,479,251
Bank balances	353,438	-	-	-	-	199,445,692	199,799,130
Other assets							
Other receivables	12,692,347	-	-	-	-	927,055	13,619,402
Account receivables	32,599,743	-	-	-	-	-	32,599,743
Investment securities							
<i>Held to Maturity</i>							
Eurobonds	17,341,779	-	-	-	-	-	17,341,779
Nigerian Treasury bill	175,437	-	-	-	-	-	175,437
<i>Loans and receivables</i>							
Fixed deposits	242,039,809	6,363,645	7,747,972	-	6,541,533	-	262,692,959
<i>Available for sale</i>							
Nigerian treasury bills	609,069	-	-	-	-	-	609,069
US treasury notes	-	-	-	-	-	24,805,655	24,805,655
Fixed income products	-	-	-	-	-	12,208,697	12,208,697
	308,883,200	6,363,645	7,747,972	-	6,541,533	259,794,772	589,331,122

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30 June 2018

In thousands of Nigerian Naira

	Nigeria	Rest of Africa	Europe	Authority Middle East	Asia	America	Total
Cash and cash equivalents							
Money market placements	3,071,578	-	-	-	-	22,407,673	25,479,251
Bank balances	353,438	-	-	-	-	199,445,692	199,799,130
Other assets							
Other receivables	441,647	-	-	-	-	-	441,647
Account receivables	1,302,990	-	-	-	-	-	1,302,990
Intercompany receivables	41,750,815	-	-	-	-	-	41,750,815
Investment securities							
<i>At amortised cost</i>							
Eurobonds	17,429,375	-	-	-	-	-	17,429,375
Open market operations bills (OMO bills)	177,931,161	-	-	-	-	-	177,931,161
Fixed deposits	90,155,701	-	-	-	-	-	90,155,701
<i>At FVTPL</i>							
US treasury notes	-	-	-	-	-	24,805,655	24,805,655
Fixed income products	-	-	-	-	-	13,404,046	13,404,046
	332,436,705	-	-	-	-	260,063,066	592,499,771

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31 December 2017

In thousands of Nigerian Naira

	Authority						Total
	Nigeria	Rest of Africa	Europe	Middle East	Asia	America	
Cash and cash equivalents							
Bank balances	5,781,823	-	-	-	-	2,763,225	8,545,048
Other assets							
Other receivables	640,475	-	-	-	-	927,055	1,567,530
Account receivables	32,599,743	-	-	-	-	-	32,599,743
Intercompany receivables	38,113,681	-	-	-	-	-	38,113,681
Investment securities							
<i>Held to Maturity</i>							
Eurobonds	17,341,779	-	-	-	-	-	17,341,779
Loans and receivables							
Fixed deposits	233,859,907	6,363,645	7,747,972	-	-	6,541,531	254,513,055
<i>Available for sale</i>							
US treasury notes	-	-	-	-	-	24,805,655	24,805,655
Fixed income products	-	-	-	-	-	12,208,697	12,208,697
	328,337,408	6,363,645	7,747,972	-	-	47,246,163	389,695,188

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6.2.4 Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Authority recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- other assets and receivables; and
- financial guarantee contracts issued

No impairment loss is recognized on equity investments.

The Authority measures loss allowances at an amount equal to lifetime ECL, except for the following which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than other receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for other assets and receivables are always measured at an amount equal to lifetime ECL.

The Authority considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or it is a sovereign debt issued in the local currency e.g. Treasury bills and Bonds issued by the Nigerian Government.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Life time ECL are credit losses that result from all possible default event over the expected life of a financial instrument.

6.2.5 Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure

6.2.5.1 Credit risk grading

The Group uses credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses rating models tailored to the various categories of counterparty. Specific information collected at the time of acquiring the financial assets (such as disposable income, and level of collateral for exposures; and turnover and industry type) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the risk management unit to be fed into the final internal credit rating for exposures. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

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6.2.5.2 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:

They are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive);

- Financial assets that are credit-impaired at the reporting date:

They are measured as the difference between the gross carrying amount and the present value of estimated future cash flows; and

- Financial guarantee contracts: They are measured as the expected payments to reimburse the holder less any amounts that the Authority expects to recover from the holder, the debtor or any other party.

Default definition

Under IFRS 9, the Group will consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

- the borrower is more than 90 days past due on any material credit obligation to the Group.

- Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g. breach of covenants that are deemed as default events;

- quantitative: e.g. 90 days overdue status and non-payment of another obligation of the same issuer to the Authority; and

- based on internally and external objective evidence of impairment.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

6.2.6 Significant increase in credit risk

The Group has established a framework that consider qualitative, quantitative, and 'backstop' (30 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Authority's historical experience, expert credit assessment and forward-looking information.

The Authority will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

- the risk of default on the exposure as at the reporting date; with

- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. Modifying the contractual terms of a financial instrument may also affect this assessment.

Details of the qualitative and quantitative factors used to determine the significant increase in credit risk are highlighted in the next sub-head.

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6.2.6.1 Quantitative Criteria

The use of quantitative criteria requires the Authority to refresh its quantitative metrics at least annually. The Authority adopted the following quantitative criteria for the purpose of assessing Significant Increase in Credit Risk (SICR), vis-à-vis stage allocation:

i. External Rating Parameter:

The Authority monitors changes in external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of Significant Increase in Credit Risk (SICR) depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date.

The Authority applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating. The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a financial instrument rated CCC at origination, a three-notch movement is deemed significant for an AAA rated financial instrument.

Below is a table of the quantitative criteria used in allocating stages to the financial instruments of the Authority:

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> • Less than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. • Less than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. • No downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. 	<ul style="list-style-type: none"> • More than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. • More than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. • One (1) or more notch downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. 	<ul style="list-style-type: none"> • All facilities with a rating of D are grouped in stage 3

ii. Backstop:

The Authority uses the backstop indicator otherwise known as “30 days past due presumption” to assess significant decrease/increase in credit risk. Evidence of SICR depends on the financial instrument’s performance status and the number of days for which contractual payments are past due.

The thresholds for these quantitative criteria will be reviewed by the Authority on an annual basis.

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> • The financial instrument is performing with less than 30 days past due on any contractual payment. 	<ul style="list-style-type: none"> • The financial instrument is performing with 30 or more days but less than 90 days past due on any contractual payment; except if the Authority can rebut that the “30 days past due” presumption does not represent significant increase in credit risk for that particular financial instrument. 	<ul style="list-style-type: none"> • The financial instrument is 90 or more days past due on contractual payments; except if the Authority can rebut that the “90 days past due” presumption does not represent a default event for that particular financial instrument.

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6.2.6.2 Qualitative Criteria

The Authority uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors.

The Authority shall override the stage allocation using quantitative assessment if the financial instrument meets the qualitative criteria for a different impairment stage as detailed below.

Below is a table of the qualitative criteria used in allocating stages to the financial instruments of the Group:

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> • The financial instrument meets CBN low risk exception criteria i.e. "risk free and gilt edged" • All financial instruments at inception will be in stage 1 except if purchased or originated as credit impaired. • The financial instrument has not had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: • An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date does not result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No expectation of forbearance or restructuring due to financial difficulties. • No evidence that full repayment of interest and principal will require the realization of collaterals or other form of support. 	<ul style="list-style-type: none"> • The financial instrument has had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: • An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date results in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Expectation of forbearance or restructuring due to financial difficulties. • Evidence that full repayment of interest and principal will require the realization of collaterals or other form of support. • The borrower has suffered a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Litigation against the obligor is likely to have material impact on revenue or profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> • Financial instruments that are purchased or originated as credit impaired. • The financial instrument has objective evidence of impairment at the reporting date as evidenced by (but not limited to) the following: • Withdrawal of operating license from the obligor. • Voluntary liquidation/insolvency of the obligor. • If it becomes probable that the obligor may enter bankruptcy or other financial reorganization. • Disappearance of an active market for the financial instrument because of financial difficulties. • The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses • Breach of covenants that are deemed as default events. • Other qualitative factors representing default such as in the CBN's prudential guideline definition of default.

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Table of the qualitative criteria used in allocating stages to the financial instruments of the Group (Cont'd):

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> • The borrower did not suffer a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No Litigation against the obligor that is likely to have material impact on profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Government policies have little or no negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is not expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. • There is no significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> • Government policies have significant negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. • There is significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Significant reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	

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Table of the qualitative criteria used in allocating stages to the financial instruments of the Group (Cont'd):

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> • Little or reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • For financial institutions, no significant deterioration in obligor's CAMELS (i.e. Capital, Asset Quality, Management Capability, Earnings, Liquidity, and Sensitivity to market risks) at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • No significant deterioration in internal price indicators of credit risk at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. • Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has not change materially from the origination date. 	<ul style="list-style-type: none"> • Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has change materially from the origination date. 	

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6.2.7 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial asset.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortised cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD’s are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD’s are influenced by collection strategies, including contracted debt sales and price.

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Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Cont'd)

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to the Forward-looking information incorporated in the ECL models" subhead for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed by the Finance team on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during between when the model was adopted and the reporting period.

6.2.8 Forward-looking information incorporated in the ECL models

The calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

6.2.8.1 Incorporating Forward-looking information into Multi-year PD Estimation

The Authority has financial instruments originating from different regions of the world, and as such, it may be impracticable to obtain information on future economic conditions for all the relevant regions. The Authority has therefore incorporated FLI into multi-year PD estimation using a two-step approach:

Step 1:

Convert Through-the-Cycles (TTC) PDs to Point-in-Time (PIT) PDs using logistic regression with global historical default rates and global macroeconomic variables (i.e. global GDP growth rate, global inflation rate and oil price). This is based on the fact that external rating grades are comparable across industries and jurisdictions.

Step 2:

Incorporate the impact of local economic conditions by analysing the likelihood of change in the rating of each financial instrument based on obligor specific information. This analysis will be conducted at every reporting date by considering the following information:

- i. Rating outlook from external rating agencies for the obligor or the related sovereign
- ii. The expected impact of local macroeconomic forecasts (e.g. local GDP growth rate, exchange rate, inflation rate, unemployment rate etc.) on the obligor
- iii. Other obligor specific qualitative information that may provide an indication of future change in ratings.

6.2.8.2 Incorporating FLI into Multi-year EAD and LGD Estimation

The Authority adjusts the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information.

6.2.8.3 Macro economic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Group. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

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6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 30 June 2018 are set out below. The scenarios "best", "optimistic" and "downturn" were used for all portfolios.

		2019	2020	2021	2022	2023
a GDP growth rate(%)	Best	40%	40%	40%	40%	40%
	Optimistic	40%	40%	40%	40%	40%
	Downturn	30%	30%	30%	30%	30%
b Inflation rate (%)	Best	3%	3%	2%	2%	2%
	Optimistic	4%	3%	3%	3%	3%
	Downturn	4%	3%	3%	3%	3%
c Oil price (USD)	Best	69.40	70.00	70.00	70.00	70.00
	Optimistic	60.00	65.00	69.71	71.30	73.50
	Downturn	50.10	51.90	53.50	55.00	56.50

Sensitivity analysis on ECL Model

The most significant forward looking information with impact on the ECL allowance of the Group include:

- Growth rate
- Inflation rate
- Oil prices

The table below demonstrates the sensitivity of the ECL allowance to movements in the significant forward looking indicators for financial assets, with all other variables held constant:

	Group		Authority	
	ECL allowance N'000	Net effect N'000	ECL allowance N'000	Net effect N'000
Growth rate				
10% increase	348,447	(37,363)	348,447	(37,363)
No change	385,810	-	385,810	-
10% decrease	427,127	41,317	427,127	41,317
Inflation rate				
10% increase	387,109	1,299	387,109	1,299
No change	385,810	-	385,810	-
10% decrease	384,515	(1,295)	384,515	(1,295)
Oil prices				
10% increase	369,166	(16,644)	369,166	(16,644)
No change	385,810	-	385,810	-
10% decrease	403,198	17,388	403,198	17,388

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6.2.10 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised and write-offs of allowances related to assets that are written off.

There were no assets written off during the period.

See notes 14.1 for an explanation of the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

6.2.11 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the period ended 30 June 2018.

The table below analyses the Group's financial assets measured at amortised cost based on stage in which the allowances taken on them are. All financial assets fair valued through other comprehensive income are equity instruments

Group	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortised cost				
Eurobonds	17,429,375	-	-	17,429,375
Open Market Operations bills (OMO bills)	177,931,161	-	-	177,931,161
Fixed deposits	90,155,702	-	-	90,155,702
Other assets	22,070,802	-	-	22,070,802
	307,587,040	-	-	307,587,040
Loss allowance (investment securities and other assets)	(9,093,266)	-	-	(9,093,266)
Carrying amount	298,493,774	-	-	298,493,774
Individually impaired	9,093,266	-	-	9,093,266
Collectively impaired	-	-	-	-
	9,093,266	-	-	9,093,266
Authority				
	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortised cost				
Eurobonds	17,429,375	-	-	17,429,375
Open Market Operations bills (OMO bills)	177,931,161	-	-	177,931,161
Fixed deposits	90,155,701	-	-	90,155,701
	285,516,237	-	-	285,516,237
Loss allowance	(352,539)	-	-	(352,539)
Carrying amount	285,163,698	-	-	285,163,698
Individually impaired	352,539	-	-	352,539
Collectively impaired	-	-	-	-
	352,539	-	-	352,539

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6.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

The table below shows the Group's current cash levels:

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Cash in hand	1,043	473	154	249
Bank balances	213,097,192	22,020,278	199,799,130	8,545,048
Placements with financial institutions	37,030,099	316,208	25,479,251	-
Total cash and cash equivalents	250,128,334	22,336,959	225,278,535	8,545,297

Exposure to liquidity risk

The table below analyses the Group's non-derivative financial liabilities and unfunded commitments with private equity fund managers into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

30 June 2018

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,756,728	-	-	-	1,756,728
Other payables	203,503,950	-	-	-	203,503,950
Borrowings	476,301	2,951,308	5,770,151	18,692,445	27,890,205
Total liabilities	205,736,979	2,951,308	5,770,151	18,692,445	233,150,883
Unfunded commitments with private equity fund managers	19,069,581	-	-	-	19,069,581
Total commitments	19,069,581	-	-	-	19,069,581

Group

31 December 2017

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,911,529	-	-	-	1,911,529
Other payables	6,448,086	-	228,332	-	6,676,418
Payables to related parties	18,331,582	-	-	-	18,331,582
Borrowings	20,547	124,657	725,719	5,035,582	5,906,505
Total liabilities	26,711,744	124,657	954,051	5,035,582	32,826,034
Unfunded commitments with private equity fund managers	16,959,833	-	-	-	16,959,833
Total commitments	16,959,833	-	-	-	16,959,833

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Authority
30 June 2018
In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,756,728	-	-	-	1,756,728
Intercompany payables	1,262,248	-	-	-	1,262,248
Other payables	200,176,211	-	-	-	200,176,211
Total liabilities	203,195,187	-	-	-	203,195,187
NAIC-NPK loan guaranteed by NSIA	476,301	2,951,308	5,770,151	18,692,445	27,890,205
Unfunded commitments with private equity fund managers	14,002,831	-	-	-	14,002,831
Total commitments	14,479,132	2,951,308	5,770,151	18,692,445	41,893,036

Authority
31 December 2017
In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,698,057	-	-	-	1,698,057
Intercompany payables	4,152,936	-	-	-	4,152,936
Other payables	1,908,441	-	-	-	1,908,441
Total liabilities	7,759,434	-	-	-	7,759,434
NAIC-NPK loan guaranteed by NSIA	20,547	124,657	725,719	5,035,582	5,906,505
Unfunded commitments with private equity fund managers	13,524,557	-	-	-	13,524,557
Total commitments	13,545,104	124,657	725,719	5,035,582	19,431,062

6.4 Market risk

Market risk is the risk of loss from unfavorable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorised into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

* Market risk - comprising equity, interest rate, interest basis and currency risks;

* Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

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

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6.4.1 Trading assets/Financial assets

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

6.4.2 Non-trading assets/ Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

6.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Non-monetary financial assets are not exposed to foreign exchange risk in accordance with the standards. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

The tables below shows the sensitivity of the Group's total comprehensive income to appreciation or depreciation of the naira in relation to other currencies.

Concentration of foreign currency exposure

Group 30 June 2018	Naira	USD	Euro	Total
	N '000	N '000	N '000	N '000
Cash and cash equivalents	353,438	249,773,925	971	250,128,334
Investment securities (at amortised cost)	-	285,516,238	-	285,516,238
Investment securities (at FVTPL) - Monetary	1,526,250	38,215,852	-	39,742,102
Other assets	4,782,397	17,288,405	-	22,070,802
Total monetary financial assets	6,662,085	590,794,420	971	597,457,476
Trade payables	236,780	1,743,617	-	1,980,397
Other payables	3,878,134	199,625,816	-	203,503,950
Deferred income relating to government grant	6,902,540	-	-	6,902,540
Payable to Federal Government of Nigeria	2,228,772	-	-	2,228,772
Borrowings	18,097,460	-	-	18,097,460
Total monetary financial liabilities	31,343,686	201,369,433	-	232,713,119
Net financial asset FCY exposure	-	389,424,987	971	389,425,958
Sensitivity at 5% appreciation	-	(19,471,249)	(49)	(19,471,298)
Sensitivity at 5% depreciation	-	19,471,249	49	19,471,298

Group 31 December 2017	Naira	USD	Euro	Total
	N '000	N '000	N '000	N '000
Cash and cash equivalents	7,250,328	15,086,631	-	22,336,959
Investment securities (held to maturity)	175,437	17,341,779	-	17,517,216
Investment securities (loans and receivables)	8,955,405	253,737,553	-	262,692,958
Investment securities (available-for-sale)	12,817,766	24,805,655	-	37,623,421
Other assets	10,965,109	35,254,036	-	46,219,145
Total monetary financial assets	40,164,045	346,225,654	-	386,389,699
Trade payables	46,179	1,865,350	-	1,911,529
Other payables	6,676,418	-	-	6,676,418
Deferred income relating to government grant	1,465,369	-	-	1,465,369
Payable to Federal Government of Nigeria	18,331,582	-	-	18,331,582
Borrowings	3,534,631	-	-	3,534,631
Total monetary financial liabilities	30,054,179	1,865,350	-	31,919,529
Net financial asset FCY exposure	-	344,360,304	-	344,360,304
Sensitivity at 5% appreciation	-	(17,218,015)	-	(17,218,015)
Sensitivity at 5% depreciation	-	17,218,015	-	17,218,015

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Concentration of foreign currency exposure (cont'd)

Authority 30 June 2018	Naira	USD	Euro	Total
	N '000	N '000	N '000	N '000
Cash and cash equivalents	353,438	224,924,126	971	225,278,535
Investment securities (at amortised cost)	-	285,516,237	-	285,516,237
Investment securities (at FVTPL)	-	38,215,852	-	38,215,852
Other assets	37,524,787	5,970,665	-	43,495,452
Total monetary financial assets	37,878,225	554,626,880	971	592,506,076
Trade payables	1,756,728	-	-	1,756,728
Intercompany payables	1,262,248	-	-	1,262,248
Other payables	200,176,211	-	-	200,176,211
Total monetary financial	203,195,187	-	-	203,195,187
Net financial asset FCY exposure	-	554,626,880	971	554,627,851
Sensitivity at 5% appreciation	-	(27,731,344)	(49)	(27,731,393)
Sensitivity at 5% depreciation	-	27,731,344	49	27,731,393
Authority 31 December 2017	Naira	USD	Euro	Total
	N '000	N '000	N '000	N '000
Cash and cash equivalents	2,746,281	5,799,016	-	8,545,297
Investment securities (held to maturity)	-	17,341,779	-	17,341,779
Investment securities (loans and receivables)	-	254,513,055	-	254,513,055
Investment securities (available-for-sale)	12,208,697	24,805,655	-	37,014,352
Other assets	18,335,029	53,945,925	-	72,280,954
Total monetary financial assets	33,290,007	356,405,430	-	389,695,437
Trade payables	295,081	1,402,976	-	1,698,057
Intercompany payables	3,850,110	302,826	-	4,152,936
Other payables	1,908,441	-	-	1,908,441
Total monetary financial	6,053,632	1,705,802	-	7,759,434
Net financial asset FCY exposure	-	354,699,628	-	354,699,628
Sensitivity at 5% appreciation	-	(17,734,981)	-	(17,734,981)
Sensitivity at 5% depreciation	-	17,734,981	-	17,734,981

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6.4.4 *Interest rate risk*

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Group's fixed interest financial assets carried at fair value and the effect on other comprehensive income.

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Available for sale investments (US treasury notes)	-	24,805,655	-	24,805,655
Available for sale investments (Fixed income products)	-	12,208,697	-	12,208,697
Available for sale investments (Treasury bills)	-	609,069	-	-
Financial assets at FVTPL (Fixed income products)	13,404,046	-	13,404,046	-
Financial assets at FVTPL (US treasury notes)	24,811,806	-	24,811,806	-
	38,215,852	37,623,421	38,215,852	37,014,352

(All amounts are in thousands of Naira)

Group

30 June 2018

Impact on	Impact of 5% strengthening	Impact of 5% weakening
Other comprehensive income	1,910,793	(1,910,793)

(All amounts are in thousands of Naira)

Group

31 December 2017

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	1,881,171	(1,881,171)

(All amounts are in thousands of Naira)

Authority

30 June 2018

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	1,910,793	(1,910,793)

(All amounts are in thousands of Naira)

Authority

31 December 2017

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	1,850,718	(1,850,718)

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6.4.5 *Equities securities price risk*

The Group is exposed to equity securities price risk because of investments held by the Group and recognised on the consolidated statement of financial position at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/ decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Equity instruments measured at FVOCI (2017: Available for sale)	10,107,134	5,258,546	8,580,884	4,429,823
	(10,107,134)	(5,258,546)	(8,580,884)	(4,429,823)

The table below shows the effect in other comprehensive income and equity of changes in available quoted securities (quoted on the London Stock Exchange (LSE)) in the Group. The impact was excluded in the table above. A 5% increase and decrease in the equity price has been used in the sensitivity analysis below:

LSE - Chieftain Hanesbrands Inc.	264,309	222,481	264,309	222,481
	(264,309)	(222,481)	(264,309)	(222,481)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities measured at FVOCI by the amounts shown above.

7 **Fair value hierarchy**

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Equity instruments quoted in over-the-counter (OTC) markets
Level 3	Inputs that are not based on observable market data (that is, unobservable inputs)	Unquoted equity instruments and debt instruments

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following tables analyse within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2018. All fair value measurements disclosed are recurring fair value measurements.

Group

30 June 2018

Investment securities at FVOCI

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities, Bridge Academies Limited and Chieftain Investments	5,286,179	2,771,705	1,526,250	9,584,134
	5,286,179	2,771,705	2,049,250	10,107,134

31 December 2017

Investment securities available for sale

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
US treasury notes	-	24,805,655	-	24,805,655
Private equity investments	-	-	40,400,222	40,400,222
Nigeria treasury bills	-	609,069	-	609,069
Nigeria Infrastructure Debt Fund	-	1,528,500	-	1,528,500
Hedge fund managers	4,449,610	-	64,770,690	69,220,300
Fixed income products	-	12,208,697	-	12,208,697
	4,449,610	39,151,921	105,170,912	148,772,443

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Authority				
30 June 2018				
Investment securities at FVOCI	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities, Bridge Academies Limited and Chieftain Investments	5,286,179	2,771,705	-	8,057,884
	5,286,179	2,771,705	523,000	8,580,884

Authority				
31 December 2017				
Investment securities available for sale	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
US treasury notes	-	24,805,655	-	24,805,655
Private equity investments	-	-	23,825,778	23,825,778
Nigeria Infrastructure Debt Fund	-	1,528,500	-	1,528,500
Hedge fund managers	4,449,610	-	64,770,690	69,220,300
Fixed income products	-	12,208,697	-	12,208,697
	4,449,610	38,542,852	88,596,468	131,588,930

Financial assets at fair value through profit or loss				
Group				
30 June 2018				
	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
Private equity investments	-	-	31,241,175	31,241,175
Hedge funds and long only equity investments	-	-	79,409,841	79,409,841
US treasury notes	-	24,811,806	-	24,811,806
Fixed income products	-	13,404,046	-	13,404,046
	-	38,215,852	110,651,016	148,866,868

Group				
31 December 2017				
	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
Currency swap (Note 21.6.1)	-	869,908	-	869,908
	-	869,908	-	869,908

Authority				
30 June 2018				
	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
Private equity investments	-	-	23,516,211	23,516,211
Hedge funds and long only equity investments	-	-	72,138,809	72,138,809
Nigeria Infrastructure Debt Fund	-	1,526,250	-	1,526,250
US treasury notes	-	24,811,806	-	24,811,806
Fixed income products	-	13,404,046	-	13,404,046
	-	39,742,102	95,655,020	135,397,122

Authority				
31 December 2017				
	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
Currency swap (Note 21.6.1)	-	869,908	-	869,908
	-	869,908	-	869,908

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(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2018. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the Over-the-Counter alternative markets.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Investments in hedge funds and private equity funds measured at FVOCI

In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/ or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in level 3 instruments for the period ended 30 June 2018 for financial assets measured at FVOCI.

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Available for sale - Private equity				
Opening balance	40,400,222	28,399,511	23,825,778	12,630,092
Additions		9,197,637	-	9,166,601
Fair value movement	-	2,655,815	-	1,995,276
IFRS 9 reclassification	(40,400,222)	-	(23,825,778)	-
Exchange gain	-	147,259	-	33,809
Closing balance	-	40,400,222	-	23,825,778

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Available for sale - Hedge funds				
Opening balance	64,770,690	59,039,615	64,770,690	59,039,615
Additions		1,977,630		1,977,630
Fair value movement	-	3,547,827	-	3,547,827
IFRS 9 reclassification	(64,770,690)	-	(64,770,690)	-
Exchange gain	-	205,618	-	205,618
Closing balance	-	64,770,690	-	64,770,690

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	Group	Group	Authority	Authority
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Financial assets measured at FVOCI/Available for sale - Bridge Academies Limited and NG Clearing				
Opening balance	1,143,600	1,143,600	-	-
Additions	1,139,835	-	523,000	-
Fair value movement	(299,000)	-	-	-
Exchange gain	64,815	-	-	-
Closing balance	2,049,250	1,143,600	523,000	-
	Group	Group	Authority	Authority
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Financial assets at fair value through profit or loss - Private equity				
Opening balance	-	-	-	-
Additions/(Disposals)	(5,110,064)	-	872,567	-
Fair value movement	(5,191,085)	-	(1,600,642)	-
IFRS 9 reclassification	40,400,222	-	23,825,778	-
Exchange gain	1,142,102	-	418,508	-
Closing balance	31,241,175	-	23,516,211	-
	Group	Group	Authority	Authority
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Financial assets at fair value through profit or loss - Hedge funds				
Opening balance	-	-	-	-
Additions	7,226,103	-	7,226,103	-
Fair value movement	(1,221,262)	-	(1,221,262)	-
IFRS 9 reclassification	64,770,690	-	64,770,690	-
Exchange gain/(loss)	1,363,278	-	1,363,278	-
Closing balance	72,138,809	-	72,138,809	-

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Sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI

The table below shows the sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI:

		Group	Authority
		30 June	31 December
		2018	2018
		N '000	N '000
Financial assets measured at FVOCI	5% changes in fair value movement		
	Inputs		
	Difference		
	Difference		
Fair value movement	Increase	(335,567)	(141,095)
Fair value movement	Decrease	335,567	141,095

		Group	Authority
		30 June	31 December
		2017	2017
		N '000	N '000
Available for sale financial instruments	5% changes in fair value movement		
	Inputs		
	Difference		
	Difference		
Fair value movement	Increase	310,182	277,155
Fair value movement	Decrease	(310,182)	(277,155)

		Group	Authority
		30 June	31 December
		2018	2018
		N '000	N '000
Financial assets at fair value through profit or loss	5% changes in fair value movement		
	Inputs		
	Difference		
	Difference		
Fair value movement	Increase	(554,476)	(546,976)
Fair value movement	Decrease	554,476	546,976

There were no level 3 instruments classified at fair value through profit or loss in 2017.

7.1.1 Fair value hierarchy of financial assets and financial liabilities not measured at fair value

	Carrying value	Level 1	Level 2	Level 3	Fair value
Group					
30 June 2018					
<i>In thousands of Naira</i>					
Financial assets					
Other receivables	3,943,989	-	-	3,943,989	3,943,989
Account receivables	18,126,813	-	-	18,126,813	18,126,813
Financial assets measured at amortised cost	285,163,699	-	285,163,699	-	285,163,699
	307,234,501	-	285,163,699	22,070,802	307,234,501
Financial liabilities					
Borrowings	18,097,460	-	-	18,097,460	18,097,460
Trade payables	1,980,397	-	-	1,980,397	1,980,397
Other payables	203,503,950	-	-	203,503,950	203,503,950
Payables to Federal Government in respect of the Second Niger Bridge	2,228,772	-	-	2,228,772	2,228,772
	225,810,579	-	-	225,810,579	225,810,579

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	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Financial assets					
Other assets	46,219,145	-	-	46,219,145	46,219,145
Held-to-maturity	17,517,216	-	17,517,216	-	17,843,278
Loans and receivables	262,692,958	-	-	262,692,958	262,692,958
	326,429,319	-	17,517,216	308,912,103	326,755,381
Financial liabilities					
Trade payables	1,911,529	-	-	1,911,529	1,911,529
Other payables	6,676,418	-	-	6,676,418	6,676,418
Payables to Federal Government in respect of the Second Niger Bridge	2,217,837	-	-	2,217,837	2,217,837
	10,805,784	-	-	10,805,784	10,805,784

Authority

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	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Financial assets					
Other receivables	441,647	-	-	441,647	441,647
Account receivables	1,302,990	-	-	1,302,990	1,302,990
Intercompany receivables	41,750,815	-	-	41,750,815	41,750,815
Financial instruments at amortised cost	285,163,698	-	-	285,163,698	285,163,698
	328,659,150	-	-	328,659,150	328,659,150
Financial liabilities					
Trade payables	1,756,728	-	-	1,756,728	1,756,728
Intercompany payables	1,262,248	-	-	1,262,248	1,262,248
Other payables	200,176,211	-	-	200,176,211	200,176,211
	203,195,187	-	-	203,195,187	203,195,187

30 June 2017

	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Financial assets					
Other assets	1,567,530	-	-	1,567,530	1,567,530
Held-to-maturity	17,341,779	-	17,341,779	-	17,667,341
Loans and receivables	254,513,055	-	-	254,513,055	254,513,055
	273,422,364	-	17,341,779	256,080,585	273,747,926
Financial liabilities					
Trade payables	1,698,057	-	-	1,698,057	1,698,057
Intercompany payables	4,152,936	-	-	4,152,936	4,152,936
Other payables	1,908,441	-	-	1,908,441	1,908,441
	7,759,434	-	-	7,759,434	7,759,434

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8 Fund information

The Authority has three Funds being the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products.

For each of the Funds, the management reviews the internal management report. The objective and principal investment products of the respective reportable segments are as follows:

Stabilisation Fund (SF)	To provide stabilisation support to the Federation in times of economic stress
Future Generation Fund (FGF)	To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted
Nigeria Infrastructure Fund (NIF)	To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria

Information regarding the results of each Fund is included below. Performance is measured based on Fund as included in the internal management reports. Funds profitability is used to measure performance as the directors believe that such information is most relevant in evaluating the profitability of each fund.

	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Unallocated	Total
	N '000	N '000	N '000	N '000	N '000
30 June 2018					
Interest income	2,699,184	8,111,370	5,996,342	6,953	16,813,849
Investment income	584,996	1,494,515	1,184,152	-	3,263,663
Interest income on instrument measured at FVTPL	32,981	101,055	29,029	-	163,065
Loss on financial assets	(1,450,906)	(4,445,654)	(1,277,096)	-	(7,173,656)
Net foreign exchange gain	451,352	491,543	701,851	5,169	1,649,915
Total operating segment income	2,317,607	5,752,829	6,634,278	12,122	14,716,836
Investment management fees	(21,663)	(509,058)	-	-	(530,721)
Global and local custodian fees	(17,550)	(26,732)	(6,720)	-	(51,002)
Impairment charge on financial assets	-	-	-	-	(7,081,521)
Total operating fund profit	2,278,394	5,217,039	6,627,558	12,122	7,053,592
Revenue from infrastructure subsidiaries investment	-	-	14,159,385	-	14,159,385
Expense from infrastructure subsidiaries investment	-	-	(20,719,146)	-	(20,719,146)
Loss from infrastructure subsidiaries investment	-	-	(6,559,761)	-	(6,559,761)
Other income	-	-	5,204,805	-	5,204,805
Operating and administrative expenses	(371,451)	(740,829)	(439,724)	(424,537)	(1,976,541)
Interest expense	-	-	(827,203)	-	(827,203)
Share of profit of investment in associate	-	-	154,772	-	154,772
Profit/(loss) before tax	1,906,943	4,476,210	4,160,447	(412,415)	3,049,664
Taxation	-	(112,232)	-	-	(112,232)
Profit/(loss) for the period	1,906,943	4,363,978	4,160,447	(412,415)	2,937,432

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	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Unallocated	Total
<i>30 June 2018</i>	N '000	N '000	N '000	N '000	N '000
Profit/(loss) attributable to:					
Owners of NSIA	1,906,943	4,363,086	4,160,447	(412,415)	2,938,366
Non-controlling interest	-	934	-	-	934
	1,906,943	4,364,020	4,160,447	(412,415)	2,937,432
Reportable fund assets					
Cash and cash equivalents	57,456,930	82,966,645	66,767,112	42,937,646	250,128,333
Investment securities	89,614,174	188,691,621	167,358,156	-	445,663,951
Other assets	909,283	2,168,896	36,399,014	156,740	39,633,932
Inventories	-	-	11,908,001	-	11,908,001
Investments accounted for using the equity method	-	-	4,537,588	-	4,537,588
Property and equipment	-	-	761,308	111,836	873,144
Intangible assets	-	-	2,499	-	2,499
	147,980,387	273,827,162	287,733,678	43,206,222	752,747,448
Reportable fund liabilities					
Other liabilities	6,881,557	3,210,914	147,369,348	77,745,439	235,207,258
Borrowings	-	-	18,097,460	-	18,097,460
	6,881,557	3,210,914	165,466,808	77,745,439	253,304,718

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	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Unallocated	Total
	N'000	N'000	N'000	N'000	N'000
30 June 2017					
Interest income	-	-	-	-	-
Investment income	627,033	2,337,803	4,107,364	180	7,072,380
Net gain on financial assets	568,722	1,744,430	(6,683,662)	568,723	(3,801,787)
Net foreign exchange gains/(losses)	(281,216)	174,087	9,347,772	602,900	9,843,543
Total operating segment income	914,539	4,256,320	6,771,474	1,171,803	13,114,136
Investment management fees	(24,670)	(367,858)	(7,626)	-	(400,154)
Foreign and local custodian fees	(1,796)	(10,279)	(7,627)	-	(19,702)
Total fund investment management & custodian fees	(26,466)	(378,137)	(15,253)	-	(419,856)
Total operating fund profit	888,073	3,878,183	6,756,221	1,171,803	12,694,280
Other income	-	-	17,992,849	3,327	17,996,176
Operating and administrative expenses	(38,367)	(13,696)	(21,879,593)	(917,312)	(22,848,968)
Total operating and administrative expenses	(38,367)	(13,696)	(21,879,593)	(917,312)	(22,848,968)
Finance cost	-	-	-	-	-
Share of profit of investment in associate	-	-	31,080	-	31,080
Profit before tax	849,706	3,864,487	2,900,557	257,818	7,872,568
Taxation	-	-	-	-	-
Profit after tax	849,706	3,864,487	2,900,557	257,818	7,872,568
Profit attributable to:					
Owners of NSIA	849,706	3,864,024	2,900,558	257,819	7,872,107
Non-controlling interest	-	462	-	-	462
	849,706	3,864,486	2,900,558	257,819	7,872,569
31 December 2017					
Reportable fund assets					
Cash and cash equivalents	2,050,447	7,774,644	9,404,928	3,106,940	22,336,959
Investment securities	77,246,453	180,338,298	172,267,774	-	429,852,525
Other assets	17,226,925	-	31,237,818	669,615	49,134,358
Inventories	-	-	13,797,596	-	13,797,596
Investment in associate	-	-	2,453,380	-	2,453,380
Property and equipment	-	-	16,258,058	48,502	16,306,560
Intangible assets	-	-	1,138	63	1,201
	96,523,825	188,112,942	245,420,692	3,825,120	533,882,579
Reportable fund liabilities					
Other liabilities	1,716,537	6,234,299	15,453,462	5,881,620	29,285,918
Borrowings	-	-	3,534,631	-	3,534,631
Trade and other payables	-	-	-	-	-
	1,716,537	6,234,299	18,988,093	5,881,620	32,820,549

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9 Interest income

	Group				Authority			
	Six months ended 30 June 2018		Three months ended 30 June 2018		Six months ended 30 June 2018		Three months ended 30 June 2018	
	2017	2018	2017	2018	2017	2018	2017	2018
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Interest income on US treasury notes	-	191,218	-	-	-	191,218	-	-
Interest income on fixed deposits	2,935,023	3,209,209	1,269,302	1,800,053	2,935,023	3,209,209	1,269,302	1,800,053
Interest income on open market operation bills	12,979,369	361,736	12,979,369	112,501	12,979,369	361,736	12,979,369	99,460
Interest income on Eurobonds	664,752	664,498	332,403	224,334	664,752	664,498	332,403	224,334
Interest income on bank balances	234,705	2,864	234,501	2,724	234,705	2,864	234,501	2,724
	16,813,849	4,429,525	14,815,575	2,139,612	16,813,849	4,429,525	14,815,575	2,126,571

10 Investment income

	Group				Authority			
	Six months ended 30 June 2018		Three months ended 30 June 2018		Six months ended 30 June 2018		Three months ended 30 June 2018	
	2017	2018	2017	2018	2017	2018	2017	2018
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Investment income from securities	3,263,663	2,642,856	2,119,886	1,332,723	1,306,101	1,103,583	455,170	140,073
	3,263,663	2,642,856	2,119,886	1,332,723	1,306,101	1,103,583	455,170	140,073

11 Interest income on financial assets at FVTPL

	Group				Authority			
	Six months ended 30 June 2018		Three months ended 30 June 2018		Six months ended 30 June 2018		Three months ended 30 June 2018	
	2017	2018	2017	2018	2017	2018	2017	2018
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Interest income on US treasury note	86,716	-	54,012	-	86,716	-	54,012	-
Interest income from fixed income products	76,349	-	32,263	-	76,349	-	32,263	-
	163,065	-	86,275	-	163,065	-	86,275	-

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12 Loss on financial assets

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Net loss on financial assets at fair value through profit or loss (Note 12.1)	(7,182,526)	(3,801,788)	(6,475,149)	(3,102,711)	(7,444,872)	(3,801,788)	(6,128,460)	(3,102,711)
Net gain on US treasury notes and fixed income products	8,870	-	-	-	8,870	-	8,870	-
	(7,173,656)	(3,801,788)	(6,475,149)	(3,102,711)	(7,436,002)	(3,801,788)	(6,119,590)	(3,102,711)

12.1 Net loss on financial assets at fair value through profit or loss (FVTPL)

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Unrealised gain/(loss) on financial swap	(4,705,374)	6,058,029	(3,228,307)	(3,102,711)	(4,705,374)	6,058,029	(3,228,307)	(3,102,711)
Realised loss on financial swap	-	(9,859,817)	-	-	-	(9,859,817)	-	-
Fair value changes on private equity, hedge funds and other securities	(4,294,712)	-	(3,908,644)	-	(4,557,058)	-	(3,561,955)	-
Net gains on sale of equity instruments	1,817,560	-	661,802	-	1,817,560	-	661,802	-
	(7,182,526)	(3,801,788)	(6,475,149)	(3,102,711)	(7,444,872)	(3,801,788)	(6,128,460)	(3,102,711)

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13 Net foreign exchange gain

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Net foreign exchange gain	1,649,915	9,843,543	66,959	10,201,383	1,649,482	9,853,543	66,526	10,211,383
	1,649,915	9,843,543	66,959	10,201,383	1,649,482	9,853,543	66,526	10,211,383

14 Impairment charge on financial assets

	Group	Authority	Group	Authority
	Six months ended 30 June 2018	Six months ended 30 June 2018	Three months ended 30 June 2018	Three months ended 30 June 2018
	N '000	N '000	N '000	N '000
Investment Securities	103,445	103,445		
Other assets	6,978,076	-		
Total impairment charge on financial assets	7,081,521	103,445	-	-

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14.1 The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

Group	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	N '000	N '000	N '000	N '000	N '000
Investment Securities	249,094				
Other assets	1,762,651				
Loss allowance as at 1 January 2018	2,011,745	-	-	-	2,011,745
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Changes on financial assets during the period:					
Investment securities	103,445				103,445
Other assets	6,978,076				6,978,076
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount	-	-	-	-	-
FX and other movements	-	-	-	-	-
Total net P&L charge during the period	7,081,521	-	-	-	7,081,521
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 30 June 2018					
Investment securities	352,539				352,539
Other assets	8,740,727				8,740,727
	9,093,266	-	-	-	9,093,266

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Authority	Stage 1	Stage 2	Stage 3	Purchased credit-impaired N '000	Total N '000
	12-month Exposure	Lifetime ECL	Lifetime ECL		
	N '000	N '000	N '000		
Investment securities	249,094				249,094
Other assets	-				
Loss allowance as at 1 January 2018	249,095	-	-	-	249,095
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Changes on financial assets during the period:					
Investment securities	103,445				103,445
Other assets	-				
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount	-	-	-	-	-
FX and other movements	-	-	-	-	-
Total net P&L charge during the period	103,445	-	-	-	103,445
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial assets derecognised during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 30 June 2018					
Investment securities	352,539				352,539
Other assets	-				
	352,540	-	-	-	352,540

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15 Revenue from infrastructure subsidiaries investments

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018 N '000	2017 N '000	2018 N '000	2017 N '000	2018 N '000	2017 N '000	2018 N '000	2017 N '000
Revenue from sale of fertilizers	14,001,885	17,972,645	3,302,410	15,557,645	-	-	-	-
Guarantee fee income	157,500	-	81,250	-	-	-	-	-
	14,159,385	17,972,645	3,383,660	15,557,645	-	-	-	-

Revenue from sale of fertilizer represent revenue from sale of finished and packaged fertilizer to Agro-dealers and State Governments.

Guarantee fee income in represents the income earned by Infrastructure Credit Guarantee Company Limited for providing guarantee for bond issued by some issuing entities.

16 Expense from infrastructure subsidiaries investments

		Group				Authority			
		Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
		2018 N '000	2017 N '000	2018 N '000	2017 N '000	2018 N '000	2017 N '000	2018 N '000	2017 N '000
Cost of sales of fertilizers	<i>Note 16.1</i>	20,680,243	21,049,031	9,823,242	18,889,576	-	-	-	-
Guarantee fee expenses		38,903	-	20,321	-	-	-	-	-
		20,719,146	21,049,031	9,823,243	18,889,576	-	-	-	-

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16.1 Cost of sales of fertilizers

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Raw materials consumed	10,995,139	11,191,214	5,222,758	10,043,088	-	-	-	-
Blending plants fees	3,134,894	3,190,798	1,489,094	2,863,449	-	-	-	-
Direct trucking, storage and other logistics	4,493,248	4,573,375	2,134,320	4,104,185	-	-	-	-
Fertilizer clearing and testing expense	2,056,962	2,093,644	977,070	1,878,854	-	-	-	-
	20,680,243	21,049,031	9,823,242	18,889,576	-	-	-	-

17 Other income

	Group				Authority			
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Fiduciary income	1,171,260	-	1,167,787	-	1,020,387	-	1,016,914	-
Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales	3,491,752	-	932,582	-	-	-	-	-
Benefit from below market rate loan	255,138	-	-	-	-	-	-	-
Other income	286,655	23,531	-	1,193	-	3,328	-	990
	5,204,805	23,531	2,100,369	1,193	1,020,387	3,328	1,016,914	990

N1.01 billion of fiduciary income relates to fund management fees earned on management of Nigeria Bulk Electricity Trading Plc (NBET) funds.

Subsidy from the Federal Government of Nigeria on cost differentials on sales of fertilizer relates to approved disbursement by the Federal Government of Nigeria for cost differential on the sales of fertilizer by the Group subsidiary NAIC-NPK Ltd. The subsidy was granted to the group to settle the shortfalls of the 2017 and 2018 Presidential Fertilizer Initiative (PFI).

Benefit from below market rate loan arose from the straight line amortisation of the fair value of the benefit over the tenor of the borrowing. See Note 29.1 for additional information

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	Group						Authority					
	Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June		Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
18 Operating and administrative expenses												
Personnel expenses (Note 18.1)	1,016,593	707,248	428,899	375,783	1,016,592	695,760	500,667	366,276				
Directors expenses (Non-executives)	25,000	13,315	9,350	13,297	25,000	13,315	12,500	13,297				
Depreciation	35,611	30,227	13,554	16,548	19,562	18,291	7,344	5,480				
Amortisation	327	304	264	166	63	277	-	139				
Audit fees	37,000	39,764	19,025	19,882	21,750	15,000	11,275	7,500				
Non-audit fees	10,000	9,000	5,000	4,500	10,000	9,000	5,000	4,500				
Other professional fees	244,309	682,942	115,666	439,386	217,819	278,099	96,199	96,155				
General and administrative expenses	486,736	190,116	388,829	74,575	190,096	64,888	82,807	51,013				
Office rent and other expenses	78,240	63,923	43,569	26,828	78,239	63,922	43,569	35,053				
Travel expenses	42,525	63,099	22,444	39,668	42,525	63,099	37,526	46,032				
	1,976,541	1,799,938	1,046,600	1,010,633	1,621,646	1,221,651	796,887	625,445				
18.1 Personnel expenses												
Salaries and allowances	961,061	668,647	406,369	354,496	961,060	657,159	473,197	344,989				
Defined contribution plan	55,532	38,601	22,530	21,287	55,532	38,601	27,470	21,287				
	1,016,593	707,248	428,899	375,783	1,016,592	695,760	500,667	366,276				
19 Interest expense												
Effective interest on borrowings	827,203	-	556,488	-	-	-	-	-				
	827,203	-	556,488	-	-	-	-	-				

Effective interest on borrowings relates to the interest expense the Group incurred in connection with the borrowing of funds. The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. See notes 29 for details of the borrowings.

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20 Cash and cash equivalents

	Group		Authority	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Cash on hand	1,043	473	154	249
Bank balances	213,097,192	22,020,278	199,799,130	8,545,048
Money market placements	37,030,099	316,208	25,479,251	-
	250,128,334	22,336,959	225,278,535	8,545,297

Money market placements classified as cash and cash equivalents are placements with less than 90 days maturity period.

21 Investment securities

		Group		Authority	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		N '000	N '000	N '000	N '000
Held to maturity investments	21	-	17,517,216	-	17,341,779
Financial assets measured at amortised cost	21	285,163,699	-	285,163,698	-
Loans and receivables	21	-	262,692,958	-	254,513,055
Financial assets measured at FVOCI	21	10,107,134	-	8,580,884	-
Available for sale investments	22	-	148,772,443	-	131,588,930
Financial assets at fair value through profit or loss	22	150,393,118	869,908	135,397,122	869,908
		445,663,951	429,852,525	429,141,704	404,313,672

21.1 Held to maturity investments

		Group		Authority	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		N '000	N '000	N '000	N '000
Eurobonds		-	17,341,779	-	17,341,779
Nigerian treasury bills		-	175,437	-	-
		-	17,517,216	-	17,341,779
Maturity analysis:					
Current		-	7,976,030	-	7,800,593
Non-current		-	9,541,186	-	9,541,186
		-	17,517,216	-	17,341,779

21.2 Financial assets measured at amortised cost

		Group		Authority	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		N '000	N '000	N '000	N '000
Eurobonds		17,429,375	-	17,429,375	-
Open market operations bills (OMO bills)		177,931,161	-	177,931,161	-
Fixed deposits		90,155,702	-	90,155,701	-
		285,516,238	-	285,516,237	-
Impairment /Expected Credit loss	<i>Note 21.2.1</i>	(352,539)	-	(352,539)	-
		285,163,699	-	285,163,698	-
Maturity analysis:					
Current		285,163,699	-	285,163,698	-
		285,163,699	-	285,163,698	-

21.2.1 Impairment movement schedule

Balance as at 1 January 2018	-	-
Changes on initial application of IFRS 9	249,094	249,094
Restated Balance as at 1 January 2018	249,094	249,094
Impairment charge for the period	103,445	103,445
Balance as at 30 June 2018	352,539	352,539

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21.3 Loans and receivables

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Fixed deposits and OMO bills	-	262,692,958	-	254,513,055
	-	262,692,958	-	254,513,055
Maturity analysis:				
Current	-	262,692,958	-	254,513,055
	-	262,692,958	-	254,513,055

21.4 Financial assets measured at FVOCI

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Equity instruments				
NG Clearing Ltd	523,000	-	523,000	-
MTN securities, Bridge Academies Limited and Chieftain Investments	9,584,134	-	8,957,884	-
	10,107,134	-	8,580,884	-
Maturity analysis:				
Non-current	10,107,134	-	8,580,884	-
	10,107,134	-	8,580,884	-

21.5 Available for sale investment securities

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Nigerian Treasury bills	-	609,069	-	-
Fixed income products	-	12,208,697	-	12,208,697
Nigeria Infrastructure Debt Fund (NIDF)	-	1,528,500	-	1,528,500
US treasury notes	-	24,805,655	-	24,805,655
Hedge funds and long only equity managers	-	69,220,300	-	69,220,300
MTN securities	-	2,388,190	-	2,388,190
Private equity investments	-	38,012,032	-	21,437,588
	-	148,772,443	-	131,588,930
Maturity analysis:				
Current	-	609,069	-	-
Non-current	-	148,163,374	-	131,588,930
	-	148,772,443	-	131,588,930

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21.6 Financial assets at fair value through profit or loss

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Currency swap (<i>Note 21.6.1</i>)	-	869,908	-	869,908
Private equity investments	31,241,175	-	23,516,211	-
Hedge funds and long only equity investments	79,409,841	-	72,138,809	-
Nigeria Infrastructure Debt Fund	1,526,250	-	1,526,250	-
Fixed income products	13,404,046	-	13,404,046	-
US treasury notes	24,811,806	-	24,811,806	-
	150,393,118	869,908	135,397,122	869,908
Maturity analysis:				
Current	7,322,324	869,908	7,322,324	869,908
Non-current	143,070,794	-	128,074,798	-
	150,393,118	869,908	135,397,122	869,908

21.6.1 For swap instruments, the balance in 2018 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN). The notional contract amount of \$515.5million (2017: \$455million) represents the basis on which the changes in fair value were measured. The notional amount indicate the volume of transactions as at the period end and are indicative of neither the market risk nor the credit risk. As a result of the counterparty involved, we have assessed the impact of credit risk on the financial asset to be minimal, as the counterparty (CBN) is backed by the sovereign guarantee of the Federal Government of Nigeria. Hence, a credit value adjustment was not effected on the fair valuation of the derivative.

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22 Other assets

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Financial assets:				
Other receivables	3,943,989	13,619,402	441,647	1,567,530
Account receivables	18,126,813	32,599,743	1,302,990	32,599,743
Intercompany receivables	-	-	41,750,815	38,113,681
	<u>22,070,802</u>	<u>46,219,145</u>	<u>43,495,452</u>	<u>72,280,954</u>
Impairment / Expected Credit loss	(8,740,727)	-	-	-
Total financial assets	<u>13,330,075</u>	<u>46,219,145</u>	<u>43,495,452</u>	<u>72,280,954</u>
Non-financial assets:				
Prepayment	10,190,112	2,915,213	110,154	29,138
Cost incurred on behalf of the Federal Government of Nigeria	16,113,745	-	-	-
Total other assets	<u>39,633,932</u>	<u>49,134,358</u>	<u>43,605,606</u>	<u>72,310,092</u>
Maturity analysis:				
Current	-	1,073,895	-	-
Non-current	39,633,932	48,060,463	43,605,606	72,310,092
	<u>39,633,932</u>	<u>49,134,358</u>	<u>43,605,606</u>	<u>72,310,092</u>

Cost incurred on behalf of the Federal Government of Nigeria relates to the cost the Group has incurred on behalf of the Federal Government of Nigeria on the Second Niger Bridge project.

22.1 Impairment movement schedule

Balance as at 1 January 2018	-	-	-	-
Changes on initial application of IFRS 9	1,762,651	-	-	-
Restated Balance as at 1 January 2018	1,762,651	-	-	-
Impairment charge for the period	6,978,076	-	-	-
Balance as at 30 June 2018	<u>8,740,727</u>	-	-	-

Expected credit losses on trade receivables from the Group's subsidiary NAIC-NPK Limited has been accounted for in line with the applicable financial reporting standards. Subsequent to the reporting date, the Company has recovered its receivable balance in full from the various obligors.

23 Inventories

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Raw materials	7,072,101	4,175,582	-	-
Finished goods	4,835,900	9,622,014	-	-
	<u>11,908,001</u>	<u>13,797,596</u>	<u>-</u>	<u>-</u>
Maturity analysis:				
Current	11,908,001	13,797,596	-	-
	<u>11,908,001</u>	<u>13,797,596</u>	<u>-</u>	<u>-</u>

There were no inventories pledged as security for liabilities. (2017: NIL)

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24 Investments in subsidiaries

	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
At the beginning of the period	16,085,655	7,096,155
Additions during the period	-	8,989,500
Disposal of subsidiary	(1,954,329)	-
At the end of the period	14,131,326	16,085,655
Investment types:		
Investment in equity shares	6,108,421	8,062,750
Investment in irredeemable preference shares	8,022,905	8,022,905
	14,131,326	16,085,655
Maturity analysis:		
Non-current	14,131,326	16,085,655
	14,131,326	16,085,655

24.1 Information on subsidiary entities controlled by the Authority

Name of entity	Place of business/ Country of incorporation	% of ownership interest		Carrying amount	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
				N '000	N '000
NSIA Motorways Investment Company (NMIC) (i)	Nigeria	99.99%	100%	1,000	1,000
KG Brussels LP (ii)	USA	99.7%	99.97%	5,108,826	7,063,155
KG Acquisition I LLC	USA	100%	100%	-	-
FGF Private Equity Co. Limited (iii)	Nigeria	99.99%	99.99%	1,000	1,000
FGF Investments Limited (iv)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Agriculture Investment Company (v)	Nigeria	99.99%	99.99%	1,000	1,000
FGF PE Beta Limited (vi)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Property Investment Company Limited (vii)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Power Investment Company Limited (viii)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Healthcare Development and Investment Company Limited (ix)	Nigeria	99.99%	99.99%	1,000	1,000
Infrastructure Credit Guarantee Company Limited (x)	Nigeria	50.00%	100%	9,014,500	9,014,500
				14,131,326	16,085,655

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i) NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.

ii) KG Brussels LP is a Partnership that holds a portfolio of investments in other private equity investee funds. The General Partner of the Partnership is KG Acquisition I LLC, which is owned by NSIA. NSIA is a limited partner in KG Brussels LP. The Company was incorporated in 2014. During the period, there was a return of capital of (\$11,667,637) NGN1,954,329, which led to a reduction in the capital apportionment owned by NSIA.

iii) FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

iv) FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments. The Company was incorporated in 2015.

v) NAIC is a wholly owned subsidiary of NSIA, domiciled in Nigeria. It was set-up to carry on the business of agricultural investment and management, investment in the agricultural land and businesses of all kinds. The Company was incorporated in 2016.

vi) FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

vii) NSIA Property Investment Company Limited is a wholly-owned subsidiary in investing in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.

viii) NSIA Power Investment Company Limited is wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014.

ix) NSIA Healthcare Development and Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.

x) Infrastructure Credit Guarantee Company Limited (Infracredit) This is a Company jointly owned with African Finance Corporation (AFC). The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016. The Company is a fully owned subsidiary of the Nigeria Sovereign Investment Authority, however per subsequent events after the reporting period on 19 December 2018, the Authority lost control due to additional investment made in Infracredit by African Finance Corporation (AFC). Post period end, this investment by AFC has now diluted the investment in Infracredit to an "investment in joint venture"

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The Authority also has indirect interests in the following subsidiaries:

	Place of business/ Country of incorporation	% of ownership interest	% of ownership interest
		30 June 2018	31 December 2017
FMCU Advanced Medical Diagnostics Limited (x)	Nigeria	90%	90%
AKTH Advanced Medical Diagnostics Limited (xi)	Nigeria	90%	90%
NAIC-NPK Limited (xii)	Nigeria	100%	100%

x) FMCU Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016.

xii) AKTH Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2017.

xiii) NAIC-NPK Limited liability company incorporated in 2016. It was established under Nigeria Agriculture Investment Company (100% ownership) to establish, run and carry on business as proprietors of fertilizer plants and to manufacture, treat, process, produce, supply and deal in fertilizers and all substances (natural or artificial) suited to improving the fertility of soil or water.

25 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows;

	Group	Group	Authority	Authority
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	N '000	N '000	N '000	N '000
Associates and joint ventures	4,537,588	2,453,380	1,600,490	1,600,490

The amounts recognised in the statement of comprehensive income are as follows:

Associates	173,969	495,037	-	-
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The below shows a detailed movement of this balance:

	Group	Group	Authority	Authority
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
At the beginning of the period	2,453,380	1,957,853	1,600,490	1,600,000
Additions during the period	1,910,239	490	-	490
Share of profit of associate and joint venture	154,772	434,988	-	-
Share of fair value reserves of associate and joint venture	19,197	60,049	-	-
At the end of the period	4,537,588	2,453,380	1,600,490	1,600,490
Maturity analysis:				
Non-current	4,537,588	2,453,380	1,600,490	1,600,490

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June 2018. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Group					
Name of company	Place of business/ Country of incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
				N '000	N '000
Investment in associates					
Nigeria Mortgage Refinance Company (NMRC)	25.1 Nigeria	20.91%	20.91%	2,627,349	2,453,380
Family Homes Funds Limited (FHFL)	25.2 Nigeria	49%	49%	-	-
Panda Agriculture Operations and Management Ltd	25.3 Mauritius	30%	0%	-	-
Pandagric Novum Ltd	25.4 Nigeria	30%	0%	-	-
				2,627,349	2,453,380

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Name of company	Place of business/ Country of incorporation	% of ownership interest		Carrying amount	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
Investment in joint venture				N '000	N '000
LUTH Advanced Medical Services Limited	25.5 Nigeria	50%	50%	-	-
UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.6 Mauritius	50%	0%	3,052	-
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7 Mauritius	50%	0%	1,907,187	-
Panda Agricultural Properties Management Ltd	25.8 Nigeria	50%	0%	-	-
Panda Agricultural Properties Management Ltd	25.9 Mauritius	50%	0%	-	-
Total investment in joint venture				1,910,239	-
Total investments in joint ventures and associates				4,537,588	2,453,380
Authority					
Name of company	Place of business/ Country of incorporation	% of ownership interest		Carrying amount	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
Investment in associates				N '000	N '000
Nigeria Mortgage Refinance Company (NMRC)	25.1 Nigeria	20.91%	20.91%	1,600,000	1,600,000
Family Homes Funds Limited (FHFL)	25.2 Nigeria	49%	49%	490	490
Panda Agriculture Operations and Management Ltd	25.3 Mauritius	30%	0%	-	-
Pandagric Novum Ltd	25.4 Nigeria	25%	0%	-	-
Total investment in joint ventures and associates				1,600,490	1,600,490

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The Authority has indirect investments in joint ventures in the following entities:

UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.6 Mauritius	50%	0%	3,052	-
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7 Mauritius	50%	0%	1,907,188	-
LUTH Advanced Medical Services Limited (LUTH)	25.5 Nigeria	50%	50%	500	-
				1,910,740	-

Investment in associates

25.1 Nigeria Mortgage Refinance Company (NMRC)

Nigeria Mortgage Refinance Company (NMRC) is a government business entity and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarised financial information for NMRC which is accounted for using the equity method.

25.2 Family Homes Fund Limited (FHFL)

Family Homes Fund Limited (FHFL) is an innovative private sector driven financing solution to Nigeria's housing challenges. An initiative of the Federal Ministry of Finance and established in September 2016. There are no contingent liabilities relating to the Group's interest in the associate.

Set out below are the summarised financial information for FHFL which is accounted for using the equity method.

25.3 Panda Agriculture Operations and Management Ltd

A company limited by shares and incorporated in Mauritius on the 2nd of February 2018 with company number 153361. The company operates and manages all farms, assets and land acquired by Panda Agricultural Properties Management Limited. This entity is owned by UFF-NAIC Agriculture Investment Company (Mauritius) Limited and Novum Holdings Ltd – a non-Group entity.

25.4 Pandagric Novum Ltd

A company limited by shares and incorporated in Nigeria on the 16th of November 2017.

The company is currently owned by Panda Agricultural Operations & Management (Mauritius) Ltd and Panda Agricultural Properties Management Ltd - a Nigerian entity duly incorporated in Nigeria.

Pandagric Novum Limited has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms. The company is able to enter into partnerships, joint ventures, concessions and generally collaborate with other entities in the development of integrated farms and businesses.

The company currently operates and manages the farm assets acquired by Panda Agricultural Properties Management Limited

Investment in joint ventures

25.5 LUTH Advanced Medical Services Limited (LUTH)

The company is a limited liability company established to carry out business as providers of modern medical pathology laboratory services. The Company was incorporated in 2016.

25.6 UFF-NAIC Agriculture Management Company (Mauritius) Limited

A company incorporated in Mauritius on the 8th June 2017 with registration number 147877. This company is a special purpose vehicle (SPV) company owned by UFF Management (Mauritius) Limited and NSIA Agriculture Investment Company Limited.

It was established to provide asset management services and investment management and advisory services exclusively to the UFF-NAIC Agriculture Investment Company (Mauritius) Limited and/or to each of the shareholders and/or its affiliates and ancillary activities.

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25.7 UFF-NAIC Agriculture Investment Company (Mauritius) Limited

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on the 27th March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual African Agricultural Fund. An initial commitment of USD25mn from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200mn from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

The fund is currently pursuing farmland and agribusiness investments as well as high technology driven agriculture in the various parts of Nigeria.

25.8 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Mauritius on the 6th of February 2018 with company number 153425.

The company has been established to farms, agricultural land and fixed assets and lease such farms and assets to Panda Operations & Management.

25.9 Panda Agricultural Properties Management Ltd

A company limited by shares and incorporated in Nigeria on the 9th of November 2017.

The company is owned by Panda Agricultural Properties Management (Mauritius) Limited and UFF-NAIC Agriculture Investment Company (Mauritius) Limited. The company has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms.

The company has acquired farm assets from Novum Agric Industries in pursuit of its objectives.

Summarised financial information associates

Set out below are the financial information of the associates and joint ventures of the Group as at 30 June 2018, which, in the opinion of the directors, are material to the Group.

	NMRC		FHFL	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	N '000	N '000	N '000	N '000
Summarised statement of comprehensive income				
Interest income	3,158,642	6,149,675	77,501	-
Interest expense	(1,325,761)	(2,173,194)	-	-
Other income	11,924	11,105	-	9,947
Net write back of financial assets	-	40,172	-	-
Depreciation and amortisation	(82,884)	(132,297)	(317)	-
Personnel expenses	(425,378)	(898,610)	(51,389)	-
Operating expenses	(588,921)	(1,050,891)	(87,608)	(185,848)
Profit before tax	747,622	1,945,960	(61,813)	(175,901)
Income tax	(7,442)	(19,058)	-	-
Profit/(loss) for the period	740,180	1,926,902	(61,813)	(175,901)
Other comprehensive income	91,810	287,178	-	-
Total comprehensive income/(loss)	831,990	2,214,080	(61,813)	(175,901)

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	NMRC		FHFL	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Summarised statement of financial position				
Cash and cash equivalents	9,291,585	1,920,782	127,688	127,688
Investment securities	33,426,929	39,986,766	-	-
Mortgage refinance loan	10,662,612	-	-	-
Inventories	-	-	1,139,927	1,201,739
Other assets	295,378	269,907	1,000	1,000
Property and equipment	306,033	335,784	1,732	1,732
Intangible assets	34,921	27,379	-	-
Total assets	54,017,458	42,540,618	1,270,347	1,332,159
Other liabilities	238,283	588,380	7,060	7,060
Housing market development fund	441,196	-	-	-
Borrowings	22,813,771	22,816,413	1,500,000	1,500,000
Debt securities issued	17,959,171	7,402,781	-	-
Total liabilities	41,452,421	30,807,574	1,507,060	1,507,060

Investments in associates and joint venture (cont'd)

	NMRC		FHFL	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Capital and reserves				
Share capital	1,912,900	1,912,900	1,000	1,000
Share premium	5,925,233	5,925,232	-	-
Retained earnings	3,168,877	2,650,750	(237,714)	(175,901)
Statutory reserves	1,327,885	1,105,830	-	-
Statutory credit risk reserve	41,553	41,553	-	-
Fair value reserves	188,589	96,779	-	-
Total equity	12,565,037	11,733,044	(236,714)	(174,901)
Total liabilities and equity	54,017,458	42,540,618	1,270,346	1,332,159

Reconciliation of the summarised financial information presented to the carrying amount of its interest in NMRC and FHFL

	NMRC		FHFL	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Net assets of associate/joint venture	12,565,037	11,733,044	(236,714)	(174,901)
Group share of net assets	2,627,349	2,453,380	(115,990)	(85,701)
Carrying value of associate	2,627,349	2,453,380	-	-
Difference	-	-	(115,990)	(85,701)
Share of losses not recognised	-	-	115,990	85,701

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26 Property and equipment
Group

	Furniture and fittings	Motor vehicles	Computer equipment	Office equipment	Assets under construction	Total
	N '000	N '000	N '000	N '000	N '000	N '000
Cost						
As at 1 January 2017	76,981	127,523	124,188	1,776	16,113,745	16,444,213
Additions	39,401	55,000	69,061	20,113	-	183,575
Disposals	-	-	-	-	-	-
As at 31 December 2017	116,382	182,523	193,249	21,889	16,113,745	16,627,788
As at 1 January 2018	116,382	182,523	193,249	21,889	16,113,745	16,627,788
Additions	3,084	70,176	9,343	4,095	629,243	715,941
Transfer of asset **	-	-	-	-	(16,113,745)	(16,113,745)
As at 31 March 2018	119,466	252,699	202,592	25,984	629,243	1,229,984
Accumulated depreciation						
As at 1 January 2017	54,671	106,805	94,655	1,018	-	257,149
Charge for the year	22,760	19,869	17,468	3,982	-	64,079
As at 31 December 2017	77,431	126,674	112,123	5,000	-	321,228
As at 1 January 2018	77,431	126,674	112,123	5,000	-	321,228
Charge for the period	8,806	7,579	14,379	4,847	-	35,611
As at 31 March 2018	86,237	134,253	126,502	9,847	-	356,839
Carrying amount						
As at 31 March 2018	33,229	118,446	76,090	16,137	629,243	873,145
As at 31 December 2017	38,951	55,849	81,126	16,889	16,113,745	16,306,560

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Property and equipment (cont'd) Authority	Furniture and fittings N '000	Motor vehicles N '000	Computer equipment N '000	Office equipment N '000	Total N '000
Cost					
As at 1 January 2017	76,981	113,739	115,641	1,776	308,137
Additions	450	-	22,637	-	23,087
As at 31 December 2017	77,431	113,739	138,278	1,776	331,224
As at 1 January 2018	77,431	113,739	138,278	1,776	331,224
Additions	3,084	70,176	9,343	295	82,898
As at 31 March 2018	80,515	183,915	147,621	2,071	414,122
Accumulated depreciation					
As at 1 January 2017	54,671	91,489	94,655	1,018	241,833
Charge for the year	15,457	15,415	9,714	302	40,888
As at 31 December 2017	70,128	106,904	104,369	1,320	282,721
As at 1 January 2018	70,128	106,904	104,369	1,320	282,721
Charge for the period	5,512	5,358	8,576	116	19,562
As at 31 March 2018	75,640	112,262	112,945	1,436	302,283
Carrying amount					
As at 31 March 2018	4,875	71,653	34,676	635	111,839
As at 31 December 2017	7,303	6,835	33,909	456	48,503

**During the period, the assets under construction held by NSIA Motorways Investment Company (NMIC) were reclassified to other assets. Additional disclosures for the assets are shown under other assets as "cost incurred on behalf of the Federal Government of Nigeria in respect of the Second Niger Bridge".

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27 Intangible assets	Group	Authority
Software - 30 June 2018	N '000	N '000
Cost		
Balance at 1 January 2018	25,803	24,503
Additions	1,625	-
Balance at 31 December 2018	27,428	24,503
Amortisation		
Balance at 1 January 2018	24,602	24,440
Charge for the period	327	63
Balance at 31 December 2018	24,929	24,503
Carrying amount		
Balance at 31 December 2018	2,499	-
Software - 31 December 2017		
Cost		
Balance at 1 January 2017	24,503	24,503
Additions	1,300	-
Balance at 31 December 2017	25,803	24,503
Amortisation		
Balance at 1 January 2017	23,882	23,882
Charge for the period	720	558
Balance at 31 December 2017	24,602	24,440
Carrying amount		
Balance at 31 December 2017	1,201	63

28 Other liabilities

	Group	Group	Authority	Authority
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	N '000	N '000	N '000	N '000
Financial liability:				
Trade payables	1,980,397	1,911,529	1,756,728	1,698,057
Intercompany payables	-	-	1,262,248	4,152,936
Other payables	203,503,950	6,676,418	200,176,211	1,908,441
Currency swap (Note 21.6.1)	3,835,466	-	3,835,466	-
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (28.1)	2,228,772	2,217,837	-	-
Non financial liability:				
Accruals	251,428	503,255	207,829	125,030
Tax liabilities	390,960	397,772	-	-
Deferred income on RSSF borrowing (28.2)	6,902,540	1,465,369	-	-
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (28.1)	16,113,745	16,113,745	-	-
	235,207,258	29,285,925	207,238,482	7,884,464
Maturity analysis:				
Current	6,657,048	1,693,701	207,238,482	-
Non-current	228,550,210	27,592,224	-	7,884,464
	235,207,258	29,285,925	207,238,482	7,884,464

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28.1 This represents the total amount received from the Federal Government of Nigeria in respect of the construction of the Second Niger Bridge of Nigeria project. The total amount of expenses incurred to date from amount has been included in other assets and shown as "cost incurred on behalf of FGN in respect of Second Niger Bridge, while the unspent portion is included in cash and bank balances.

28.2 Deferred income on Real Sector Support Facility (RSSF) borrowing relates to the deferred income on the below the market rate loan obtained from United Bank for Africa Plc. The loans were secured for the Federal Government of Nigeria's Presidential Fertilizer Initiative scheme under the the Central Bank of Nigeria's Real Sector Support Facility(RSSF) scheme. The fair value of the grant was recognized initially on the grant date and subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the grant as at the reporting date. The total grant to date is N20 billion. An interest expense of N827million relating to this facility has been disclosed in the statement of comprehensive income for the period ended June 2018. See note 29.1 for additional details.

29 Borrowings

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Financial liabilities at amortised cost				
Real Sector Support Facility (RSSF) (29.1)	18,097,460	3,534,631	-	-
	18,097,460	3,534,631	-	-

29.1 The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. A total amount of N40 billion was approved by the Central Bank of Nigeria, however, the company has drawn down N20 billion at the end of the reporting period. The tenor of the loan is 6 years and interest rate is at a below market rate of 5%. This borrowing will be repaid from the proceeds of fertilizer sale. The deferred income element of N6.9billion (2017: N1.46billion) is shown in Note 28. The income recognised during the year was N286.65million, this is shown in Note 17.

Maturity analysis:

Current	481,623	355,807	-	-
Non-current	17,615,837	3,178,824	-	-
	18,097,460	3,534,631	-	-

30 Equity and reserves

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Contribution by Government	280,662,500	280,662,500	280,662,500	204,375,000
Retained earnings	212,985,172	170,402,086	222,937,558	147,172,616
Fair value reserve	2,723,139	43,190,981	3,030,960	36,062,294
Foreign currency translation reserve	3,069,117	6,801,726	-	-
Non-controlling interest	2,803	4,730	-	-
	499,442,731	501,062,023	506,631,018	387,609,910

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30.1 Contribution by Government

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Opening balance	280,662,500	204,375,000	280,662,500	204,375,000
Additions during the period	-	76,287,500	-	76,287,500
	280,662,500	280,662,500	280,662,500	280,662,500

30.2 Retained earnings

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Opening balance	170,402,086	147,845,348	170,859,497	147,172,616
Adjustment to opening balance as a result of IFRS 9 adoption	(2,011,745)	-	(249,094)	-
Reclassification from fair value and currency reserves as a result of adoption of IFRS 9	41,656,465	-	41,043,623	-
Adjusted opening balance	210,046,806	147,845,348	211,654,026	147,172,616
Profit/(loss) for the period	2,938,366	22,556,738	11,283,532	23,686,882
	212,985,172	170,402,086	222,937,558	170,859,498

30.3 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of equity instruments. The amounts are never transferred to profit or loss under IFRS 9 even when the investments are derecognised. 2017 figures relate to the fair value of available-for-sale investments warehoused in reserves before the adoption of IFRS 9.

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Opening balance	43,190,981	36,661,142	43,497,310	36,062,294
Reclassification to retained earnings as a result of adoption of IFRS 9	(41,656,465)	-	(41,043,623)	-
Adjusted fair value reserves	1,534,516	36,661,142	2,453,687	36,062,294
Change/adjustment in value of available- for- sale financial assets	-	6,469,790	-	7,435,016
Change in value of financial assets measured at FVOCI	1,169,426	-	577,273	-
Share of change in value of available-for-sale financial assets - (Associates)	-	60,049	-	-
Share of change in value of financial assets measured at FVOCI - (Associates)	19,197	-	-	-
	2,723,139	43,190,981	3,030,960	43,497,310

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30.4 Foreign currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign gains or (losses) arising from translation of the financial statements of subsidiaries with US Dollars as functional currency into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the companies is exempted from income taxes.

	Group 30 June 2018 N '000	Group 31 December 2017 N '000
Opening balance	6,797,697	7,958,502
Exchange differences arising during the period	(3,728,580)	(1,156,776)
	3,069,117	6,801,726

30.5 Non-controlling interest (NCI)

	Group 30 June 2018 N '000	Group 31 December 2017 N '000
Opening balance	4,730	4,623
Profit attributable to NCI	(934)	536
Fair value changes	658	(442)
Currency translation differences	(1,651)	13
	2,803	4,730

32 Capital management

The Group is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers.

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 30 June 2018 was as follows:

	Group 30 June 2018 N '000	Group 31 December 2017 N '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Total liabilities	253,304,718	32,820,556	207,238,482	7,884,461
Less: cash and cash equivalents	250,128,334	22,336,959	225,278,535	8,545,297
Net surplus/(deficit)	3,176,384	10,483,597	(18,040,053)	(660,836)
Total equity	499,442,731	501,062,024	506,631,018	495,019,308
Adjusted equity	499,442,731	501,062,024	506,631,018	495,019,308
Net surplus to adjusted equity ratio	1%	2%	-4%	0%

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33 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in the investment in subsidiaries, associates and joint venture notes, FMCU Advanced Medical Diagnostics Ltd, AKTH Advanced Medical Diagnostics Limited, Lagos-Ibadan Expressway Development Company Limited, Abuja-Kano Expressway Development Company Limited, East-West Expressway Development Company Limited, Mambilla Hydropower Development Company Limited are sub-subsidiaries of the Authority and are related parties in accordance with the applicable standards.

NMRC, FHFL, Panda Agricultural Properties Management(Mauritius) Limited and Pandagric Novum Limited are associates of the Authority.

UFF-NAIC Management Company (Mauritius) Limited, UFF-NAIC Agriculture Investment Company (Mauritius) Limited, Panda Agricultural Properties Management Ltd, Panda Agricultural Properties Management (Mauritius) Limited, LUTH Advanced Medical Services Ltd and Infrastructure Credit Guarantee Company Limited (INFRACREDIT) are Jointly controlled by other entities and are therefore also related parties.

The following are the balances with the Federal Government of Nigeria during the period:

	Group 30 June 2018 N '000	Group 31 December 2017 N '000
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	18,342,517	18,331,582
Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge.	16,113,745	-

Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The members of the board of the Authority did not hold any shares in the Authority during or as at the end of the period. The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses:	Group 30 June 2018 N '000	Group 30 June 2017 N '000
Executive compensation	658,421	518,220
Non-executive directors fees and other benefits	25,000	-
Defined contribution plan	29,851	36,395
	713,272	554,615

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Balances with subsidiaries

The Authority has the following receivables from the underlisted subsidiaries as at the reporting date:

	Type of interests	30 June 2018 N '000	31 December 2017 N '000
NSIA Motorways Investments Company	Subsidiary	537,870	531,108
KG Brussels L.P.	Subsidiary	41,326	35,326
NSIA Property Investment Co. Limited	Subsidiary	1,682,125	400
NSIA Power Investment Co. Limited	Subsidiary	800	400
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	630,193	200
FGF Private Equity Co. Limited	Subsidiary	2,009,999	250
FGF P. E. Beta Limited	Subsidiary	110,785	200
FGF Investment Limited	Subsidiary	2,683,333	1,920,893
NSIA Agriculture Investment Company	Subsidiary	1,916,813	-
Infrastructure Credit Guarantee Company Limited	Subsidiary	349,087	68,968
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	150	-
NAIC-NPK Limited	Sub-subsidiary	31,788,335	2,497,900
		41,750,816	5,055,645

The Authority has the following payables to the underlisted subsidiaries as at the reporting date:

	Type of interests	30 June 2018 N '000	31 December 2017 N '000
NSIA Motorways Investments Company	Subsidiary	1,000	1,000
NSIA Property Investment Co. Limited Subsidiary	Subsidiary	1,000	1,000
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	1,000	1,000
FGF Private Equity Co. Limited	Subsidiary	1,000	1,554
FGF P. E. Beta Limited	Subsidiary	1,000	1,554
NAIC-NPK Limited	Sub-subsidiary	1,179,796	1,000
FGF Investment Limited	Subsidiary	75,452	75,941
NSIA Agriculture Investment Company	Subsidiary	1,000	-
NSIA Power Investment Co. Limited	Subsidiary	1,000	-
		1,262,248	83,049

The Authority has the following payables to the underlisted associates and joint ventures as at the reporting date:

	Type of interests	30 June 2018 N '000	31 December 2017 N '000
LUTH Advanced Medical Services Limited	Joint venture	150	-
Infrastructure Credit Guarantee Company Limited	Joint venture	245,324	-
		245,474	-

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During the period ended, there were no related party transaction relating to the following:

- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognised during the period in respect of bad or doubtful debts due from related parties.

34 Other contracts

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the period.

34.1 Stabilisation fund

The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilisation Fund. The details of the investment manager as of period end are:

UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Ltd as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan. UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

Smith Graham & Co

Engagement and Service

Smith Graham provides investment management services on behalf of NSIA within the parameters of the investment guidelines that include a discretionary authority to make investments in the portfolio; investing in U.S treasury, agencies, commercial papers, money market funds. effective duration of the portfolio should not exceed 120 days; Insight into fixed income financial market conditions. Periodic reports communicated to the Authority include information on holdings, transactions, executive summary and economic outlook.

Income Research + Management (IR+M)

IR+M is a privately-owned, independent, fixed income investment management firm that provides investment management services to the Authority. Their investment investment philosophy and process are based on our belief that careful security selection and active risk management provide superior results over the long-term. They provide investment management services for investments in US fixed income securities in investment opportunities across the corporate, securitized, government, and municipal sectors.

34.2 Future Generations Fund

Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at period end are stated below:

1. JHL Capital Group LLP
2. Blue Mountain Capital Management
3. Arbitr Offshore Ltd
4. AQR Capital Management
5. The Canyon Value Realisation Fund (Cayman) Ltd, CNPG
6. Palestra Capital
7. Brasidas Asia
8. Alpstone Global Macro Fund
9. Holocene Advisors Offshore Fund Ltd

Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at period end are stated below:

1. Cevian Capital UK LLP
2. Edgbaston Investment Partners
3. Somerset Capital Management LLP
4. Marathon Asset Management LLP
5. Goldman Sachs
6. Chieftain Capital
7. Prince Street Institutional Ltd
8. Prince Street Opportunities Ltd
9. Prince Street Offshore
10. RWC

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Private equity partners

The private equity fund in which the Future Generations Fund is invested as at period end are stated below:

1. Z Capital Partners
2. Healthcare Royalty Partners
3. FGF Xenon Private Equity
4. Helios Investment Partners
5. Africa Capital Alliance
6. Actis Capital
7. Abraaj Growth Markets Health Fund L.P
8. Akina Euro Choice
9. Reverence Capital Fund

34.3 Nigeria Infrastructure Fund

Private equity partners

The private equity fund and investments in which the Infrastructure Fund invested as at period end is stated below:

1. Fund for Agricultural Finance in Nigeria (FAFIN)
2. Nigeria Infrastructure Debt Fund

34.4 Custodians

Engagement and Service

The Authority engaged JP Morgan Chase & Co (global custodian) and Stanbic IBTC Bank Limited (local custodian) to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority. The custodians provide reports to the Authority on the performance of the capital custodied by it on a monthly basis.

The investment management fees paid to the investment fund managers, global and local custodians has been disclosed on the income statement.

35 Commitments

(a) Capital commitments

The Authority's unfunded commitments with private equity fund managers are as follows:

Capital commitments - US\$:

	Authority		Naira equivalent	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	\$ '000	\$ '000	N '000	N '000
HealthCare Royalty Partners (HCRP)	8,018	7,344	2,605,850	2,241,754
Z Capital Partners	4,993	4,778	1,622,725	1,458,484
Capital Alliance Private Equity Fund "CAPE IV"	7,664	-	2,490,800	-
Fund for Agricultural Finance in Nigeria (FAFIN)	4,859	4,859	1,579,175	1,483,209
Helios Investors	2,306	2,306	749,450	703,906
Africa Capital Alliance	-	7,664	-	2,339,435
Synergy Private equity fund LP	-	82	-	25,030
Verod Capital	-	1,964	-	599,511
Abraaj Growth Markets Health Fund L.P	3,567	4,116	1,159,275	1,256,408
Actis Africa Real Estate	8,511	7,734	2,766,075	2,360,802
Total	39,918	40,847	12,973,350	12,468,539

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Capital commitments - Euro:

	Authority 30 June 2018 Euro '000	Authority 31 December 2017 Euro '000	Authority 30 June 2018 N '000	Authority 31 December 2017 N '000
Xenon Private Equity	2,935	2,888	1,029,481	1,056,018
Total	2,935	2,888	1,029,481	1,056,018
Total Authority's capital commitments			14,002,831	13,524,557

Other Group members unfunded commitments with private equity fund managers are as follows:

	30 June 2018 \$ '000	31 December 2017 \$ '000	30 June 2018 N '000	31 December 2017 N '000
RMB WestPort Real Estate Development Fund II LP	4,848	4,668	1,575,600	1,424,902
Synergy Private Equity Fund LP	146	-	47,450	-
Verod Capital	1,964	-	638,300	-
Falko Regional Aircraft Opportunities Fund	5,557	3,511	1,806,025	1,071,732
Fortress Investment Fund IV, L.P.	133	133	43,225	40,598
Fortress Investment Fund V, L.P.	38	38	12,350	11,599
Fortress Investment Fund V Coinvestment, L.P.	46	46	14,950	14,041
H.I.G. Bayside Opportunity Fund, L.P.	163	163	52,975	49,756
Marlin Equity, L.P.	287	287	93,275	87,607
Marlin Equity II, L.P.	635	635	206,375	193,833
OCM Opportunities Fund VIIIb, L.P.	625	625	203,125	190,781
Cerberus Institutional Partners, L.P. Series Four	1,148	1,148	373,100	350,427
Total	15,590	11,254	5,066,750	3,435,276
Total Group capital commitment			19,069,581	16,959,833

As disclosed above, the Group has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$55.5million/N18billion and Euro 2.9million/N1.02billion (2017: US\$52.1 million/N15.9 billion and Euro 3.2 million/N1.05 billion). The Group's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Group has recorded the commitments as being current in accordance with the underlying legal documents. The Group has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

(b) Operating Lease Commitments - Group Company as Lessee:

The Group leases its head office under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. These lease payments are payments made in advance and thus no minimum lease payments are required to be shown.

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36 Other fiduciary activities

The Authority performs the following fiduciary activities:

a) The Authority holds shares in Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares are valued at N8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organisational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current period.

b) The Authority provides investment management and custody services to the Debt Management Office (DMO) and Nigerian Bulk Electricity Company Plc. (NBET) which involve the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under other income in the statement of comprehensive income as the related services being provided are performed.

The sums of USD\$200 million and USD\$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc. ("NBET") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government. The fair value of the Managed Funds as at 30 June 2018 stood at USD0.120milion and USD122.10 for NBET and DMO respectively (2017:\$390.45 million and 2017:\$120.95 million for NBET and DMO) while \$3.33mln (NBET) income has been accrued by the Authority from the fiduciary agreement activities as of 30 June 2018.

Office of the Accountant General of the Federation ("OAGF"). NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilization Fund of the Authority. The fair value of the Fund as at 30 June 2018 was N19.520 billion (2017: 16.205 billion)

The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority.

c) During the period, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorised the initial transfer of \$650 million dollars to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF May 17, 2018.

This initiative aims to eliminate the risks of project funding, cost variation and completion that have plagued the development of the nation's critical infrastructure assets — such as the 2nd Niger Bridge, Lagos to Ibadan Expressway, East–West Road, Abuja to Kano Road, Mambilla Hydroelectric Power — over the last few decades. This fund is currently being managed by the Authority. There was no income earned on the management of the funds during the period.

37 Events after the reporting period

The President of the Federal Republic of Nigeria, President Muhammadu Buhari confirmed the appointment of two Executive Directors for the Authority. Those confirmed were Mrs Stella Ojekwe-Onyejeli, who was announced Executive Director for a second term on 13 March 2019, effective 17 October 2017 and Mr Aminu Umar-Sadiq who was announced Executive Director 13 March 2019, effective 21 February 2019.

In order to ensure sustainability of the Presidential Fertilizer Initiative (PFI) programme, the President of the Federal Republic of Nigeria approved the release of N8.6 billion in March 2019 to the Group's subsidiary NAIC-NPK Limited. This represents funds to cover the cost differential of the Company for the financial year ended 31 December 2017 and period ended 30 June 2018. This is to augment the cost incurred by Company in the production of fertilizers under the Presidential Fertilizer Initiative as it would ensure that the ex-factory selling price remains at N5,000 per bag. The income attributable for the current period from this approved sum has been recognised on the separate financial statements of the Company and the Group.

Other than the above, there were no events that had impact on the amounts and disclosures in the financial statements.

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38 IFRS 9 adoption

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 4.7.

38.1 Classification and measurement of financial instruments

Classification and measurement requirements of IFRS 9

The classification categories for financial assets under IAS 39 of held to maturity, loans and receivables, FVTPL and Applying the requirements of IFRS 9 as stated above has led to changes in the classification of the Groups financial assets as highlighted below.

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The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Group	IAS 39		IFRS 9	
	Measurement category	Carrying amount N'000	Measurement category	Carrying amount N'000
Financial assets				
Cash and cash equivalents (Loans and receivables)	Amortised cost	250,128,334	Amortised cost	250,128,334
Investment securities (Held to Maturity)	Amortised cost	17,517,216	Amortised cost	17,517,216
Investment securities (Loans and receivables)	Amortised cost	262,692,958	Amortised cost	262,692,958
Investment securities (Available for sale)	FVOCI	7,446,869	FVOCI	7,446,869
Investment securities (Available for sale)	FVOCI	141,325,574	FVTPL	141,325,574
Investment securities (At FVTPL)	FVTPL	869,908	FVTPL	869,908
Other assets (Loans and receivables)	Amortised cost	46,219,145	Amortised cost	46,219,145
Parent				
Financial assets				
Cash and cash equivalents (Loans and receivables)	Amortised cost	225,278,535	Amortised cost	225,278,535
Investment securities (Held to Maturity)	Amortised cost	17,341,779	Amortised cost	17,341,779
Investment securities (Loans and receivables)	Amortised cost	254,513,055	Amortised cost	254,513,055
Investment securities (Available for sale)	FVOCI	6,837,800	FVOCI	6,837,800
Investment securities (Available for sale)	FVOCI	124,751,130	FVTPL	124,751,130
Investment securities (At FVTPL)	FVTPL	869,908	FVTPL	869,908
Other assets (Loans and receivables)	Amortised cost	72,280,954	Amortised cost	72,280,954

Items in brackets are IAS 39 categories

There were no changes to the classification and measurement of financial liabilities. All of the Group's significant financial liabilities continue to be measured at amortised cost under IFRS 9 as was the case under IAS 39.

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38.2 Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Group	IAS 39 Carrying amount 31 December 2017 N'000	IFRS 9 changes N'000	IFRS 9 Carrying amount 1 January 2018 N'000
Amortised cost			
Cash and cash equivalents			
Opening balance	250,128,334	-	-
Remeasurement: ECL allowance	-	-	-
Closing balance	-	-	250,128,334
Investment securities - Held to maturity			
Opening balance	17,517,216	-	-
Reclassification: To IFRS 9 amortised cost	-	(17,517,216)	-
Closing balance	-	-	-
Investment securities - Loans and receivables			
Opening balance	262,692,958	-	-
Reclassification: To IFRS 9 amortised cost	-	(262,692,958)	-
Closing balance	-	-	-
Investment securities - At amortised cost			
Opening balance	-	-	-
Reclassification: From IAS 39 Held to maturity	-	17,517,216	-
Remeasurement: ECL allowance	-	-	-
Reclassification: From IAS 39 Loans and receivables	-	262,692,958	-
Remeasurement: ECL allowance	-	-	-
Closing balance	-	-	280,210,174
Other assets			
Opening balance	46,219,145	-	-
Closing balance	-	-	46,219,145
Fair value through other comprehensive income (FVOCI)			
Investment securities - Available for sale			
Opening balance	148,772,443	-	-
Reclassification: To IFRS 9 FVOCI	-	(7,446,869)	-
Reclassification: To IFRS 9 FVTPL	-	(141,325,574)	-
Closing balance	-	-	-
Investment securities - At FVOCI			
Opening balance	-	-	-
Reclassification: From IAS 39 Available for sale	-	7,446,869	-
Closing balance	-	-	7,446,869
Fair value through profit or loss (FVTPL)			
Investment securities - At FVTPL			
Opening balance	869,908	-	-
Reclassification: To IFRS 9 FVTPL	-	141,325,574	-
Closing balance	-	-	142,195,482

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Authority	IAS 39 Carrying amount 31 December 2017 N'000	IFRS 9 changes N'000	IFRS 9 Carrying amount 1 January 2018 N'000
Amortised cost			
Cash and cash equivalents			
Opening balance	225,278,535	-	-
Closing balance	-	-	225,278,535
Investment securities - Held to maturity			
Opening balance	17,341,779	-	-
Reclassification: To IFRS 9 amortised cost	-	(17,341,779)	-
Closing balance	-	-	-
Investment securities - Loans and receivables			
Opening balance	254,513,055	-	-
Reclassification: To IFRS 9 amortised cost	-	(254,513,055)	-
Closing balance	-	-	-
Investment securities - At amortised cost			
Opening balance	-	-	-
Reclassification: From IAS 39 Held to maturity	-	17,341,779	-
Remeasurement: ECL allowance	-	-	-
Reclassification: From IAS 39 Loans and receivables	-	254,513,055	-
Remeasurement: ECL allowance	-	-	-
Closing balance	-	-	271,854,834
Other assets			
Opening balance	72,280,954	-	-
Closing balance	-	-	72,280,954
Fair value through other comprehensive income (FVOCI)			
Investment securities - Available for sale			
Opening balance	131,588,930	-	-
Reclassification: To IFRS 9 FVOCI	-	(6,837,800)	-
Reclassification: To IFRS 9 FVTPL	-	(124,751,130)	-
Closing balance	-	-	-
Investment securities - At FVOCI			
Opening balance	-	-	-
Reclassification: From IFRS 9 Available for sale	-	6,837,800	-
Closing balance	-	-	6,837,800
Fair value through profit or loss (FVTPL)			
Investment securities - At FVTPL			
Opening balance	869,908	-	-
Reclassification: To IFRS 9 FVTPL	-	124,751,130	-
Closing balance	-	-	125,621,038

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38.3 Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018.

Group	IAS 39 loss allowances	IFRS 9 loss allowances	Impact on retained earnings/ NCI
	N'000	N'000	N'000
Loans and receivables (IAS 39)/ Financial assets at amortised cost (IFRS 9)			
Investment securities	-	192,086	192,086
Other assets	-	-	-
	-	192,086	192,086
Held to Maturity (IAS 39)/ Financial assets at amortised cost (IFRS 9)			
Investment securities	-	47,919	47,919
	-	47,919	47,919
	-	240,005	240,005
Parent			
	IAS 39 loss allowances	IFRS 9 loss allowances	Impact on retained earnings/ NCI
	N'000	N'000	N'000
Loans and receivables (IAS 39)/ Financial assets at amortised cost (IFRS 9)			
Investment securities	-	192,086	192,086
Other assets	-	-	-
	-	192,086	192,086
Held to Maturity (IAS 39)/ Financial assets at amortised cost (IFRS 9)			
Investment securities	-	47,919	47,919
	-	47,919	47,919
	-	240,005	240,005

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38.4 Carrying amount of financial assets without IFRS 9 impact.

The following table shows the effect if reclassifications into amortised category and fair value category based on IFRS 9 had not happened.

Group	Carrying amount per IAS39	Carrying amount per IFRS 9	Effect of expected credit loss on opening carrying amount
	N'000	N'000	N'000
Financial assets			
Held to Maturity	17,517,216	17,469,297	47,919
Loans and receivables	262,692,958	262,500,872	192,086
Available for sale instruments	148,772,443	148,767,899	4,544
Financial assets at fair value through profit or loss	869,908	869,908	-
Other assets	46,219,145	46,219,145	-
	<u>476,071,670</u>	<u>475,827,121</u>	<u>244,549</u>
Authority			
	Carrying amount per IAS39	Carrying amount per IFRS 9	Effect of expected credit loss on carrying amount
	N'000	N'000	N'000
Financial assets			
Held to Maturity	17,341,779	17,293,860	47,919
Loans and receivables	254,513,055	254,320,969	192,086
Available for sale instruments	131,588,930	131,584,386	4,544
Financial assets at fair value through profit or loss	869,908	869,908	-
Other assets	72,280,954	72,280,954	-
	<u>476,594,626</u>	<u>476,350,077</u>	<u>244,549</u>

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39 IFRS 15 adoption

The Group has adopted IFRS 15 (as amended in April 2016) with effect from 1 January 2018. In addition to the more extensive disclosure requirements, the standard introduced a 5-step approach to revenue recognition as follows:

- identify the contract
- identify performance obligations in the contract
- allocate transaction price to performance obligations in the contract
- recognise revenue when the entity satisfies a performance obligation.

The Group has applied IFRS 15 in accordance with the modified retrospective approach which permits for the first-time application of the standard on a retrospective basis but with a cumulative catch-up posted through retained earnings without restating comparative numbers.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term deferred income is used in respect of the government grant balances which are not within the scope of IFRS 15.

Apart from providing more disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a quantitative impact on these financial statements. The impact of adopting the standard on the transition date is illustrated below:

39.1 Impact on comprehensive income for the period ended.

There was no quantitative impact of adoption of IFRS 15 to the Group's statement of comprehensive income. Qualitative disclosures have been made on this financial statements.

39.2 Impact on financial position

There was no quantitative impact of adoption of IFRS 15 to the Group's statement of financial position. Qualitative disclosures have been made on this financial statements.

Other national disclosures

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Other national disclosures
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Value added statement

	Group 30 June 2018		Group 31 December 2017		Authority 30 June 2018		Authority 31 December 2017	
	N '000	%	N '000	%	N '000	%	N '000	%
Revenue	28,876,221		31,086,781		12,496,495		11,584,863	
Administrative expenses (Local and foreign)	(31,298,366)		(23,268,825)		(2,233,350)		(1,570,829)	
Other non-operating income (Local and foreign)	5,359,577		54,611		1,020,387		3,328	
Value added	2,937,432	100%	7,872,567	100%	11,283,532	100%	10,017,362	100%
Applied as follows:								
To pay employees								
Salaries and other personnel cost	1,016,593	35%	707,248	9%	428,899	4%	375,783	4%
Maintenance of assets								
Depreciation and amortization	35,938	1%	30,531	0%	13,818	0%	16,714	0%
To pay government								
Taxation	112,232	5%	-	0%	-	0%	-	0%
Retained for growth and expansion								
Profit/(loss) for the year	1,772,669	60%	7,134,788	91%	10,840,815	96%	9,624,865	96%
	2,937,432	100%	7,872,567	100%	11,283,532	100%	10,017,362	100%

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

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Five Year Financial Summary

Group					
Statement of financial position	30 June 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000	N '000
Asset					
Cash and cash equivalents	250,128,334	22,336,959	148,267,906	37,983,532	49,920,539
Investment securities	445,663,951	429,852,525	249,822,688	164,382,547	117,746,679
Other assets	39,633,932	49,134,358	4,698,044	1,472,508	4,769,933
Inventories	11,908,001	13,797,596	-	-	-
Investment in subsidiary	-	-	-	-	-
Investment in associate and joint ventures	4,537,588	2,453,380	1,957,853	2,129,600	1,616,364
Property and equipment	873,144	16,306,560	16,187,064	7,700,860	3,772,873
Intangible assets	2,499	1,201	621	5,739	12,168
Total assets	752,747,449	533,882,579	420,934,176	213,674,786	177,838,556
Liabilities					
Other liabilities	235,207,258	29,285,925	24,089,561	15,788,509	6,310,289
Borrowings	18,097,460	3,534,631	-	-	-
Total liabilities	253,304,718	32,820,556	24,089,561	15,788,509	6,310,289
Equity and reserves					
Contribution by Government	280,662,500	280,662,500	204,375,000	155,250,000	155,250,000
Retained earning	212,985,172	170,402,086	147,845,348	17,466,251	5,691,084
Fair value reserves	2,723,139	43,190,981	36,661,142	23,513,074	10,470,202
Currency translation reserves	3,069,117	6,801,726	7,958,502	1,653,739	116,981
Total equity and amount attributable to equity contributors (Government)	499,439,928	501,057,293	396,839,992	197,883,064	171,528,267
Non-controlling interests	2,803	4,730	4,623	3,213	-
Total equity	499,442,731	501,062,023	396,844,615	197,886,277	171,528,267
Total equity and liabilities	752,747,449	533,882,579	420,934,176	213,674,786	177,838,556

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Five Year Financial Summary

Group

Statement of comprehensive income	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
	N '000	N '000	N '000	N '000	N '000
Investment and Interest income	20,077,512	7,072,381	46,995,103	3,028,907	-
Interest income on instrument measured at FVTPL	163,065	-	-	-	-
Net gain on financial assets	(7,173,656)	(3,801,788)	-	-	-
Net foreign exchange gains	1,649,915	9,843,543	65,309,493	8,635,443	-
Total operating income	14,716,836	13,114,136	112,304,596	11,664,350	-
Investment management fees	(530,721)	(400,154)	(266,014)	(218,006)	-
Local custodian fees	-	-	(11,769)	(6,968)	-
Foreign custodian fees	(51,002)	(19,702)	(22,002)	(50,445)	-
Total investment management & custodian fees	(581,723)	(419,856)	(299,785)	(275,419)	-
Impairment charges on financial assets	(7,081,521)	-	-	-	-
Total operating profit	7,053,592	12,694,280	112,004,811	11,388,931	-
Revenue from infrastructure subsidiaries investments	14,159,385	17,972,645	-	-	-
Expense from infrastructure subsidiaries investments	(20,719,146)	(21,049,031)	-	-	-
Loss from infrastructure subsidiaries investments	(6,559,761)	(3,076,386)	-	-	-
Other income	5,204,805	23,531	-	-	-
Total other income	5,204,805	23,531	-	-	-
Operating and administrative expenses	(1,976,541)	(1,799,938)	(896,525)	(1,536,983)	-
Total operating and administrative expenses	(1,976,541)	(1,799,938)	(896,525)	(1,536,983)	-
Interest expense	(827,203)	-	-	-	-
Share of profit of investments in associates	154,772	31,080	21,978	12,381	-
Profit/(loss) before tax	3,049,664	7,872,567	111,130,264	9,864,329	-
Taxation	(112,232)	-	(214)	(22,205)	-
Profit/(loss) for the period	2,937,432	7,872,567	111,130,050	9,842,124	-

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Five Year Financial Summary

Group	Group				
Statement of comprehensive income	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
	N '000	N '000	N '000	N '000	N '000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	1,170,085	3,640,550	(452,827)	20,357,413	-
Currency translation differences	(3,730,231)	252,122	3,708,210	-	-
Share of other comprehensive income of investments in associate	19,197	31,865	29,853	-	-
Other comprehensive income for the period	(2,540,949)	3,924,537	3,285,236	20,357,413	-
Total comprehensive income/(loss) for the period	396,482	11,797,104	114,415,286	30,199,537	-

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Five Year Financial Summary

Authority

Statement of financial position

	30 June 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000	N '000
Asset					
Cash and cash equivalents	225,278,535	8,545,297	141,076,852	32,913,468	43,115,273
Investment securities	429,141,704	404,313,672	234,132,773	154,152,447	108,471,837
Other assets	43,605,606	72,310,092	7,355,693	3,844,603	4,769,621
Investment in subsidiary	14,131,326	16,085,655	7,096,155	7,066,155	11,994,482
Investment in associate and joint ventures	1,600,490	1,600,490	1,600,000	1,600,000	1,600,000
Property and equipment	111,839	48,503	66,304	104,603	185,378
Intangible assets	-	63	621	5,739	12,168
Total assets	713,869,500	502,903,772	391,328,398	199,687,015	170,148,759
Liabilities					
Other liabilities	207,238,482	7,884,464	3,718,488	4,102,341	508,323
Borrowings	-	-	-	-	-
Total liabilities	207,238,482	7,884,464	3,718,488	4,102,341	508,323
Equity and reserves					
Contribution by Government	280,662,500	280,662,500	204,375,000	155,250,000	155,250,000
Retained earning	222,937,558	170,859,498	147,172,616	17,738,425	5,532,544
Fair value reserves	3,030,960	43,497,310	36,062,294	22,596,249	8,857,892
Currency translation reserves	-	-	-	-	-
Total equity and amount attributable to equity contributors (Government)	506,631,018	495,019,308	387,609,910	195,584,674	169,640,436
Total equity	506,631,018	495,019,308	387,609,910	195,584,674	169,640,436
Total equity and liabilities	713,869,500	502,903,772	391,328,398	199,687,015	170,148,759

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Five Year Financial Summary

Authority

Statement of comprehensive income

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
	N '000	N '000	N '000	N '000	N '000
Investment and Interest income	18,119,950	5,533,108	46,762,865	2,429,751	2,230,598
Interest income on instrument measured at FVTPL	163,065	-	-	-	-
Net gain on financial assets	(7,436,002)	(3,801,788)	-	-	-
Net foreign exchange gains	1,649,482	9,853,543	64,326,571	8,635,443	19,126
Total operating income	12,496,495	11,584,863	111,089,436	11,065,194	2,249,724
Investment management fees	(457,257)	(329,476)	(266,014)	(218,006)	(101,503)
Local custodian fees	-	-	(11,769)	(6,968)	(11,301)
Foreign custodian fees	(51,002)	(19,702)	(22,002)	(50,445)	(12,792)
Total investment management & custodian fees	(508,259)	(349,178)	(299,785)	(275,419)	(125,596)
Impairment Charges on Financial assets	(103,445)	-	-	-	-
Total operating profit	11,884,791	11,235,685	110,789,651	10,789,775	2,124,128
Other income	1,020,387	3,328	-	-	-
Total other income	1,020,387	3,328	-	-	-
Operating and administrative expenses	(1,621,646)	(1,221,651)	(894,638)	(1,073,776)	(785,753)
Total operating and administrative expenses	(1,621,646)	(1,221,651)	(894,638)	(1,073,776)	(785,753)
Share of profit of investments in associates	-	-	-	-	-
Profit before tax	11,283,532	10,017,362	109,895,013	9,715,999	1,338,375
Taxation	-	-	(214)	(15,388)	-
Profit for the year	11,283,532	10,017,362	109,894,799	9,700,611	1,338,375

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Statement of comprehensive income	Authority 30 June 2018 N '000	Authority 30 June 2017 N '000	Authority 30 June 2016 N '000	Authority 30 June 2015 N '000	Authority 30 June 2014 N '000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	577,273	3,577,051	1,783,335	18,127,759	1,302,205
Other comprehensive income for the period	577,273	3,577,051	1,783,335	18,127,759	1,302,205
Total comprehensive income for the period	11,860,805	13,594,413	11,678,134	27,828,370	2,640,580