

**Nigeria Sovereign Investment Authority
Interim Financial Statements for the 6 months
period ended 30 June 2016**

Nigeria Sovereign Investment Authority
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For the 6 months period ended 30 June 2016

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Nigeria Sovereign Investment Authority
Interim financial statements
For the 6 months period ended 30 June 2016

Directors, officers and professional service providers

Directors

Mr. Uche Orji (Managing)
Mr. Hanspeter Ackermann (Executive)
Mrs. Stella Ojekwe-Onyejeli (Executive)

The Non-executive members of the Board were withdrawn on 16 July 2015 by the Federal Government of Nigeria, which is yet to nominate their replacements.

Secretary

Mrs. Ezinwa Okoroafor

Registered office

The Clan Place, 4th floor
Plot 1386A, Tigris Crescent Maitama
Abuja

Auditor

PricewaterhouseCoopers
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Banker

Central Bank of Nigeria

Custodians

JP Morgan (Foreign Custodian)
Stanbic IBTC Bank Limited (Local Custodian)

Nigeria Sovereign Investment Authority
Interim financial statements
For the 6 months period ended 30 June 2016

Management's report

1. Financial statements

Management present their interim report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the interim financial statements and independent auditor's report for the 6 months period ended 30 June 2016.

2. Principal activities

The Authority was established by the Nigeria Sovereign Investment Authority Act 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 Future Generations Fund (FGF).

NSIA has a broad mandate to:

- a) build a savings base for the Nigerian people;
- b) enhance the development of Nigerian infrastructure;
- c) provide stabilisation support in times of economic stress; and
- d) carry out such other matters as may be related to the above objects.

3. Operating results

The following is a summary of the operating results for the period:

	Group	Group
	6 months to 30	6 months to 30
	June 2016	June 2015
	N'000	N'000
Gross income	112,304,596	3,028,907
Net foreign exchange gains	65,309,493	8,635,443
Profit after tax	111,130,050	9,842,124
Total comprehensive income for the period	114,415,286	30,199,537
Retained earnings for the period	<u>128,596,227</u>	<u>15,533,121</u>

4. Governance and management

The Authority is managed by three directors which make up the Executive Management. In addition, 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.

5. Employment of disabled persons

The Authority has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Authority's policy prohibits discrimination of disabled persons in the recruitment, training and development of its employees.

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

Secretary

**Nigeria Sovereign Investment Authority
Interim financial statements
For the 6 months period ended 30 June 2016**

**Statement of Management's responsibilities
In relation to the financial statements**

Management accepts responsibility for the preparation of these quarterly financial statements that give a true and fair view of the state of financial affairs of the Authority.

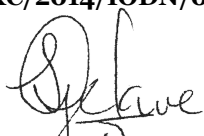
Management further accepts responsibility for maintaining adequate accounting records and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Management has made an assessment of the Authority's ability to continue as a going concern and have no reason to believe the Authority will not remain a going concern in the next twelve months.

SIGNED ON BEHALF OF MANAGEMENT BY:



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



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



Mr Hanspeter Ackermann
Executive Director
FRC/2015/IODN/00000012315



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

Introduction

We have reviewed the accompanying interim statements of financial position of Nigeria Sovereign Investment Authority (“the Authority”) and its subsidiaries (together “the Group”) as of 30 June 2016 and the related statements of income, 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. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard 34 “Interim financial reporting”. Our responsibility is to express a conclusion on these 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 interim financial statements do not give a true and fair view of the financial position of the Authority and the Group as at 30 June 2016, and of their financial performance and cash flows for the six-month period then ended in accordance with International Accounting Standard 34 “Interim financial reporting”.

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

Engagement partner: Daniel Asapokhai
FRC/2013/ICAN/0000000946

14 November 2016



Nigeria Sovereign Investment Authority
Interim financial statements
Statements of comprehensive income for the 6 months period ended 30 June 2016

		Group	Group	Authority	Authority
	Note	30 June 2016	30 June 2015	30 June 2016	30 June 2015
		N '000	N '000	N '000	N '000
Investment, interest and other income	8	46,995,103	3,028,907	46,762,865	2,429,751
Net foreign exchange gains		65,309,493	8,635,443	64,326,571	8,635,443
Gross income		112,304,596	11,664,350	111,089,436	11,065,194
Investment management fees		(266,014)	(218,006)	(266,014)	(218,006)
Local custodian fees		(11,769)	(6,968)	(11,769)	(6,968)
Foreign custodian fees		(22,002)	(50,445)	(22,002)	(50,445)
Net investment, interest and other income		112,004,811	11,388,931	110,789,651	10,789,775
Operating and administrative expenses	9	(896,525)	(1,536,983)	(894,638)	(1,073,776)
Share of profit of associates	16	21,978	12,381	-	-
Profit before tax		111,130,264	9,864,329	109,895,013	9,715,999
Taxation	11	(214)	(22,205)	(214)	(15,388)
Profit after tax		111,130,050	9,842,124	109,894,799	9,700,611
Profit attributable to:					
Owners of NSIA		111,129,976	9,842,037	109,894,799	9,700,611
Non-controlling interests		74	87	-	-
		111,130,050	9,842,124	109,894,799	9,700,611
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Net changes in fair value of financial assets (available for sale)	20	(452,827)	18,629,133	178,335	18,127,759
Currency translation differences	20	3,708,210	1,728,280	-	-
Share of other comprehensive income of associates	20	29,853	-	-	-
Other comprehensive income for the period		3,285,236	20,357,413	178,335	18,127,759
Total comprehensive income for the period		114,415,286	30,199,537	110,073,134	27,828,370
Total comprehensive income for the period attributable to:					
Owners of NSIA		114,414,052	30,198,269	110,073,134	27,828,370
Non-controlling interests		1,234	1,268	-	-
		114,415,286	30,199,537	110,073,134	27,828,370

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

Nigeria Sovereign Investment Authority
Interim financial statements
Statements of financial position as at 30 June 2016

	Note	Group 30 June 2016 N '000	Group 31 December 2015 N '000	Authority 30 June 2016 N '000	Authority 31 December 2015 N '000
Assets					
Cash and cash equivalents	12	157,223,481	37,983,532	149,979,034	32,913,468
Investment securities	13	165,781,343	164,382,547	151,632,122	154,152,447
Financial asset at fair value through profit or loss	14	45,559,009	-	45,559,009	-
Other assets	15	1,902,443	1,472,508	4,367,566	3,844,603
Investment in subsidiaries	16	-	-	7,066,155	7,066,155
Investment in associates	16	2,181,431	2,129,600	1,600,000	1,600,000
Property and equipment	17	7,677,831	7,700,860	82,433	104,603
Intangible assets	18	1,669	5,739	1,669	5,739
Total assets		380,327,207	213,674,786	360,287,988	199,687,015
Liabilities					
Trade and other payables	19	18,900,644	15,788,509	5,505,180	4,102,341
Total liabilities		18,900,644	15,788,509	5,505,180	4,102,341
Equity					
Contribution by Government	20	204,375,000	155,250,000	204,375,000	155,250,000
Retained earnings	20	128,596,227	17,466,251	127,633,224	17,738,425
Fair value reserves	20	23,090,313	23,513,074	22,774,584	22,596,249
Currency translation reserves	20	5,360,576	1,653,739	-	-
Non-controlling interest	20	4,447	3,213	-	-
Total equity		361,426,563	197,886,277	354,782,808	195,584,674
Total liabilities and equity		380,327,207	213,674,786	360,287,988	199,687,015

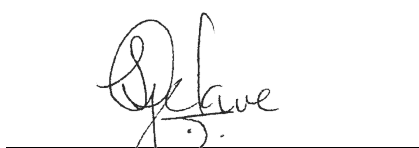
The interim financial statements were approved for issue by management on 9 November 2016 and signed on its behalf by:



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

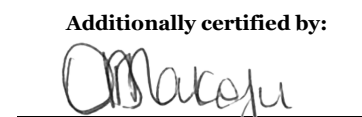


Mr. Hanspeter Ackermann
Executive Director
FRC/2015/IODN/000000012315



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

Additionally certified by:



Mrs. Olubisi Makoji
Financial Controller
FRC/2014/ICAN/00000005765

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

Nigeria Sovereign Investment Authority
Interim financial statements
Statements of changes in equity
For the 6 months period ended 30 June 2016

Group	Contribution by Government N'000	Retained earnings N'000	Fair value reserves N'000	Translation reserves N'000	Non- controlling interest N'000	Total N'000
At 1 January 2016	155,250,000	17,466,251	23,513,074	1,653,739	3,213	197,886,277
Profit after tax	-	111,129,976	-	-	74	111,130,050
	-	111,129,976	-	-	74	111,130,050
Other comprehensive income						
Net changes in fair value of financial assets (available for sale)	-	-	(422,761)	-	(213)	(422,974)
Currency translation differences	-	-	-	3,706,837	1,373	3,708,210
Total other comprehensive income	-	-	(422,761)	3,706,837	1,160	3,285,236
Total comprehensive income	-	111,129,976	(422,761)	3,706,837	1,234	114,415,286
Contributions by Government	49,125,000	-	-	-	-	49,125,000
Total contributions	49,125,000	-	-	-	-	49,125,000
At 30 June 2016	204,375,000	128,596,227	23,090,313	5,360,576	4,447	361,426,563
Group	Contribution by Government N'000	Retained earnings N'000	Fair value reserves N'000	Translation reserves N'000	Non- controlling interests N'000	Total N'000
At 1 January 2015	155,250,000	5,691,084	10,470,202	116,981	-	171,528,267
Profit for the period	-	9,842,037	-	-	87	9,842,124
	-	9,842,037	-	-	87	9,842,124
Other comprehensive income for the period						
Net changes in fair value of financial assets (available for sale)	-	-	18,628,456	-	677	18,629,133
Currency translation differences	-	-	-	1,727,689	591	1,728,280
Total other comprehensive income	-	-	18,628,456	1,727,689	1,268	20,357,413
Total comprehensive income	-	9,842,037	18,628,456	1,727,689	1,355	30,199,537
Capital contribution by non-controlling interest in subsidiary	-	-	-	-	3,000	3,000
Total contributions	-	-	-	-	3,000	3,000
At 30 June 2015	155,250,000	15,533,121	29,098,658	1,844,670	4,355	201,730,804

Nigeria Sovereign Investment Authority
Interim financial statements
Statements of changes in equity
For the 6 months period ended 30 June 2016

Authority	Contribution by Government N'000	Retained earnings N'000	Fair value reserves N'000	Total N'000
At 1 January 2016	155,250,000	17,738,425	22,596,249	195,584,674
Profit for the period	-	109,894,799	-	109,894,799
Other comprehensive income for the period				
Net changes in fair value of financial assets (available for sale)	-	-	178,335	178,335
Total other comprehensive income	-	-	178,335	178,335
Total comprehensive income	-	109,894,799	178,335	110,073,134
Contributions by Government	49,125,000	-	-	49,125,000
Total contributions	49,125,000	-	-	49,125,000
At 30 June 2016	204,375,000	127,633,224	22,774,584	354,782,808

Authority	Contribution by Government N'000	Retained earnings N'000	Fair value reserves N'000	Total N'000
At 1 January 2015	155,250,000	5,532,544	8,857,892	169,640,436
Total comprehensive income				
Profit for the period	-	9,700,611	-	9,700,611
Other comprehensive income for the period				
Net changes in fair value of financial assets (available for sale)	-	-	18,127,759	18,127,759
Total other comprehensive income	-	-	18,127,759	18,127,759
Total comprehensive income	-	9,700,611	18,127,759	27,828,370
At 30 June 2015	155,250,000	15,233,155	26,985,651	197,468,806

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

Nigeria Sovereign Investment Authority
Interim financial statements
Statements of cash flows
For the 6 months period ended 30 June 2016

		Group	Group	Authority	Authority
		6 months	6 months	6 months	6 months
	Note	period ended	period ended	period ended	period ended
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		N '000	N '000	N '000	N '000
Cash flows from operating activities					
Profit before tax		111,130,264	9,864,329	109,895,013	9,715,999
Adjustments for:					
Depreciation	17	41,458	37,350	40,598	36,562
Amortisation of intangible assets	18	4,070	3,986	4,070	3,986
Derivative assets - currency swaps		(45,559,009)	-	(45,559,009)	-
Profit on sale of property and equipment		(2,011)	-	(2,011)	-
Withholding tax deducted from income received	11	(214)	(22,205)	(214)	(15,388)
Share of profit from associates	16	(21,978)	(12,381)	-	-
Movements in operating assets/liabilities					
Increase in investment securities	13	(63,452,906)	(48,517,560)	(61,627,910)	(49,595,004)
Increase in other assets	15	(429,935)	(9,929,618)	(522,963)	(9,958,238)
Increase in trade and other payables	19	3,112,135	1,100,563	1,402,839	266,905
Net cash generated/(used) in operating activities		4,821,874	(47,475,536)	3,630,413	(49,545,178)
Cash flows from investing activities					
Purchase of property and equipment	17	(21,659)	(1,423,140)	(21,659)	-
Purchase of intangible assets	18	-	(1,675)	-	(1,675)
Return of capital from subsidiary		-	-	-	4,014,503
Proceeds from sale of property and equipment		5,241	-	5,241	4,786
Net cash generated/(used) in investing activities		(16,418)	(1,424,815)	(16,418)	4,017,614
Cash flows from financing activities					
Contribution by Government		49,125,000	-	49,125,000	-
Transactions with non-controlling interest("NCI")		-	3,000	-	-
Net cash generated in financing activities		49,125,000	3,000	49,125,000	-
Net cash movement for the period		53,930,456	(48,897,351)	52,738,995	(45,527,564)
Cash and cash equivalents at beginning of period		37,983,532	49,903,739	32,913,468	43,098,473
Net exchange gains on cash and cash equivalents		65,309,493	8,599,255	64,326,571	8,599,255
Cash and cash equivalents at period end		157,223,481	9,605,643	149,979,034	6,170,164
Cash and cash equivalents comprise:					
Cash in hand		35	265	35	265
Bank balances		119,767,524	8,441,183	112,523,077	6,169,899
Placements with financial institutions		37,455,922	1,164,195	37,455,922	-
Total cash and cash equivalents		157,223,481	9,605,643	149,979,034	6,170,164

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

Nigeria Sovereign Investment Authority
Interim financial statements
For the 6 months period ended 30 June 2016

Notes to the financial statements

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 set up 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.

In order to actualize 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
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN), Goldman Sachs, JPM Asset Management and Legg Mason Global Asset Management
Future Generations Fund (FGF)	Cevian Capital, Blue Mountain Capital Management, JHL Capital Group, Edgbaston Investment partners, Capital Group, Arbitr Offshore Limited, Somerset Capital Management LLP, Marathon Asset Management LLP, Chieftain Capital, Prince Street, JP Morgan Asset Management, Goldman Sachs Asset Management, Jamison Capital Partners, Xenon Private Equity, Z Capital Partners, Helios Investment partners, Healthcare Royalty Partners, AQR Capital Management, Actis Capital, Africa Capital Alliance and Legg Mason Global Asset Management.

2. Basis of preparation

2.1 Statement of compliance

The financial statements 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.

The Group has adopted the liquidity approach in the presentation of the consolidated statement of financial position as this best represents the nature of its activities.

2.2 Basis of measurement

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

- Available-for-sale financial assets are measured at fair value
- Fair value through profit or loss financial assets are measured at fair value
- Trade and other receivables, held to maturity financial assets and financial liabilities are measured at amortized cost.

2.3 Functional and presentation currency

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

2.4 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 year-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 available for sale, are included in other comprehensive income.

Notes to the financial statements

2.5 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.

2.6 Changes in accounting policy

There were no changes in the accounting policies of the Authority and Group during the period.

(a) New standards, amendments and interpretations adopted by the Group

No new standards were been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on financial statements except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit and Loss (P&L). The standard is effective for accounting periods beginning on or after 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting the revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that management expects would have a material impact on the Group.

3 Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are set out below:

3.1 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 value of the assets transferred, the liabilities incurred and any 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 a business combination is achieved in stages, the acquisition date carrying value of any 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.

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 accordance with IAS 39 either 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. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the financial statements

(b) Changes in ownership interests in 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 non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary entity, 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.

(d) Associates

Associates are 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 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.

(e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Authority has assessed the nature of its joint arrangements and determined them to be joint operations. Joint operations are accounted for by recognising the group's share of the assets, liabilities, revenues and expenses of the joint operation.

3.2 Interest income and interest expense

Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, 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.

When calculating the effective interest rate, the Authority estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.3 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income from equity securities designated as available for sale is recognised as dividend income in the statement of comprehensive income. Dividend income is recognised gross of the applicable withholding taxes deducted at source.

3.4 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.

3.5 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.

3.6 Fees and Commissions

Fees, commission and other expenses that are not integral to the effective interest rate computation are recognised in profit or loss on an accrual basis as the related services are performed.

Notes to the financial statements

3.6.1 Fiduciary activities

The Authority provides investment management and custody services to the Debt Management Office 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. Some of these arrangements involve the Authority accepting targets for benchmark levels of returns for the assets under the Authority's care. The fees and commissions from these and other fiduciary activity fees are recognised in profit or loss as the related services are performed.

3.7 Income tax expense

The Authority and its wholly-owned subsidiary entities in Nigeria are exempt from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of all levels of Government in Nigeria, including without limitation, the Companies Income Tax Act, the Capital Gains Tax Act, the Stamp Duties Act, and the Value Added Tax Act.

3.8 Financial assets and financial liabilities

3.8.1 Recognition and initial measurement

All financial instruments are initially recognised at fair value at the trade date, which includes transaction costs for financial instruments not classified as fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or where the Authority has transferred substantially all risks and rewards of ownership.

3.8.2 Classification

The Authority has adopted the following classifications for financial assets and financial liabilities:

Financial assets:

- loans and receivables;
- held to maturity;
- available-for-sale; or
- fair value through profit or loss and within this category as:
 - held for trading; or
 - designated at fair value through profit or loss.

Financial liabilities:

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

3.8.3 Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Authority as fair value through profit or loss or available-for-sale. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. All of the Authority's advances are included in the loans and receivables category.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale. Where the Authority is to sell more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Available-for-sale

Financial assets classified by the Authority as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss.

Notes to the financial statements

Financial assets at fair value through profit or loss

3.8.4 Derecognition

The Authority 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 Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.8.5 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the authority has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.8.6 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.

3.8.7 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.

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.

3.8.8 Identification and measurement of impairment

At each reporting date the Authority assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

Notes to the financial statements

3.9 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.

3.10 Property and equipment

3.10.1 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.

3.10.2 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.

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

The estimated useful lives are as follows:

Leasehold improvements	Over the shorter of the useful life of item or lease period
Leasehold land	Over the lease period
Buildings	40 years
Computer hardware	3-3 years
Furniture and fittings	5 years
Office equipment	4 years
Motor vehicles	4 years

3.10.4 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 year the asset is derecognised.

3.11 Intangible assets - Software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognised 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 capitalised as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortisation 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.

3.12 Trade receivables

Trade receivable are amounts due from the sale of securities in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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3.13 Leased assets – lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases in of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.14 Impairment of non-financial assets

The carrying amounts of 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 recognised 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.

3.15 Provisions

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

3.15.1 Restructuring

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

3.16 Trade and other

Trade payables are obligations to pay for securities that have been acquired in the ordinary course of business from the secondary market. Other payables 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 non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Contingent assets and liabilities

3.17.1 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 group.

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.

3.17.2 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 group; 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.

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3.18 Employee benefits

3.18.1 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.

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 of the qualifying employee's salary.

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

3.18.2 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.

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Managing Director.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Authority's headquarters), and head office expenses.

3.20 Capital commitments

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 actions taken to determine the amount of the eventual resource outflow and conditions to be satisfied to establish an obligation.

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 in which case 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.

3.21 Determination of fair values

A number of the Authority'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.

3.21.1 Investments 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 held-to-maturity investments (which are the Federal Government of Nigeria Treasury bills) is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

3.21.2 Investments in private equity funds

The fair value of the investments in private equity funds is determined using the net asset valuation method. This involves 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 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. If necessary, adjustments to the NAV are made to obtain the best estimate of fair value.

3.21.3 Receivables

The fair value of short term receivables is measured at their carrying amounts.

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3.22 Impairment of financial assets

Financial assets carried at amortised cost

At each reporting date, the financial assets are assessed for impairment. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated. Objective evidence of impairment includes observable data that may come to the attention of management from events such as:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- Bankruptcy or other financial reorganisation by the issuer or debtor;
- The disappearance of an active market for that financial asset ; or
- Measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, such asset is included in a portfolio of financial assets with similar credit risk characteristics and collectively assessed for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence of impairment of loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. As a practical expedient, management may 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 decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

4 Critical accounting estimates and judgements

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 estimate is revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see note 5).

4.1 Critical judgements in applying the Authority's accounting policies

4.1.1 Valuation of financial instruments

The accounting policy on fair value measurements is discussed under Note 3.8.7. 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 in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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. It also 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.

4.1.2 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 classification of financial assets and liabilities are given in Note 3.8.

4.1.3 Depreciation and carrying value of property and equipment

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

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4.1.4 Determination of impairment of property and equipment, and intangible assets.

Management makes judgements regarding the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

4.1.5 Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 Financial instruments: recognition and measurement to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. There has been no impairment loss recognised in these financial statements.

4.2 Critical accounting estimates

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2.1 Fair value of investments classified as available-for-sale

The fair values of quoted available-for-sale investments are determined by reference to prices quoted in an active market. Available for sale equity investments which are unquoted, are carried at cost due to unavailability of inputs to determine their fair values.

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5 Financial risk management

The Authority'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 risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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.

5.1 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. The Authority's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards.

5.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. As at 30 June 2016, all financial assets are neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below.

5.1.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group	Group	Authority	Authority
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	N '000	N '000	N '000	N '000
(i) Money market placements				
<i>Counterparties with external credit ratings (S&P), Fitch & Moody</i>				
A3	14,139,125	-	14,139,125	
B+	-	10,002,396	-	10,002,396
B	-	926,612	-	
B2*- (Moody)	23,316,797	2,955,123	23,316,797	84,903
Total money market placements	37,455,922	13,884,131	37,455,922	10,087,299
(ii) Cash at bank				
<i>Counterparties with external credit ratings (S&P) & Moody</i>				
A1	1,479,016	-	-	-
A3	114,116,033	-	108,626,888	-
A	-	386,164	-	-
A-	-	19,953,063	-	19,953,063
B+	-	3,760,042	-	2,872,974
B	4,172,475	-	3,896,189	
Total cash at bank balances	119,767,524	24,099,269	112,523,077	22,826,037
(iii) Trade receivables and advances				
<i>Counterparties without external credit ratings</i>				
Trade receivables (on US treasury bills)	1,394,318	930,118	1,429,644	1,559,198
Advances (to staff)	6,071	4,756	6,071	4,756
	1,400,389	934,874	1,435,715	1,563,954

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(iv) Investment securities

	Group	Group	Authority	Authority
	30 June 2016	31 December	30 June 2016	31 December
	N '000	2015	N '000	2015
		N '000		N '000
Counterparties with external credit ratings				
A1 (Moody)	7,066,290	-	7,066,290	-
A3 (Moody)	81,349,268	-	67,200,047	-
A+ (Fitch)	-	3,951,124	-	3,951,124
A- (S&P)	-	55,332,342	-	55,332,342
AA- (S&P)	11,336,066	-	11,336,066	-
AA+ (S&P)	22,992,906	-	22,992,906	-
B (S&P)	21,034,775	-	21,034,775	-
B+ (S&P)	-	38,835,850	-	38,835,850
B- (S&P)	13,425,534	6,994,927	13,425,534	6,994,927
BB+ (S&P)	8,576,504	-	8,576,504	-
Total investment securities (subject to credit risk)	165,781,343	105,114,243	151,632,122	105,114,243

5.2 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. 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.

5.2.1 Exposure to liquidity risk

The table below analyses the group's non-derivative financial liabilities 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 2016

In thousands of Naira

	Up to 3	4 – 6 months	Between 6	Above 1 year	Total
	months		months and 1		
			year		
Non-derivative financial liabilities					
Trade payables	11,191	5,958	30,317	-	47,466
Accruals	3,740	23,445	-	-	27,185
Other payables	1,552,624	126,129	4,683,914	51,836	6,414,503
Payables to related parties	-	-	-	12,411,491	12,411,491
Total liabilities	1,567,555	155,532	4,714,231	12,463,327	18,900,645

Group

31 December 2015

In thousands of Naira

	Up to 3 months	4 – 6 months	Between 6	Total
			months and 1	
			year	
Non-derivative financial liabilities				
Trade payables	916,571	-	4,528	921,099
Accruals	-	295,757	-	295,757
Other payables	2,718,978	8,118	286,691	3,013,787
Payables to related parties	-	-	11,560,866	11,560,866
Total liabilities	3,635,549	303,875	11,852,085	15,791,509

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In thousands of Naira

	Up to 3 months	4 – 6 months	Between 6 months and 1 year	Above 1 year	Total
Non-derivative financial liabilities					
Trade payables	11,191	5,958	-	-	17,149
Accruals	3,740	23,445	-	-	27,185
Other payables	1,521,819	1,749	3,934,278	3,000	5,460,846
Total liabilities	1,536,750	31,152	3,934,278	3,000	5,505,180

Authority
31 December 2015

In thousands of Naira

	Up to 3 months	4 – 6 months	Between 6 months and 1 year	Total
Non-derivative financial liabilities				
Trade payables	916,571	-	4,528	921,099
Accruals	282,221	-	5,787	288,008
Other payables	2,718,978	10,118	164,138	2,893,234
Total liabilities	3,917,770	10,118	174,453	4,102,341

5-3 Market risk

Market risk is the risk of loss from unfavourable 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.

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 are generally less liquid than traditional investments.

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 for the different asset categories is as follows:

5.3.1 Traditional / 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.

5.3.2 Alternative / unlisted securities

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the investments in alternative and unlisted securities. These are also exposed to valuation risk which derives from the valuation model and methodology chosen for unlisted securities.

5.3.3 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. 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.

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The table below summarises the Group's financial assets and liabilities, which are denominated in a currency other than the Nigerian Naira.

Concentration of foreign currency exposure	Group	Group	Authority	Authority
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	N '000	N '000	N '000	N '000
Cash and cash equivalents	115,860,335	20,524,313	108,892,175	20,138,149
Investment securities (loans and receivables)	39,239,752	30,230,299	39,239,752	30,230,299
Other assets (excluding prepayments)	1,394,318	822,392	3,844,013	822,392
Net foreign currency exposure impacting profit or loss	156,494,405	51,577,004	151,975,940	51,190,840
Investment securities - (AFS and HTM)	126,541,591	113,479,673	112,392,370	103,249,573

There were no foreign currency liabilities as at the end of the reporting period (2016: Nil).

The table below summarises the sensitivity of monetary and non-monetary assets and liabilities to changes in exchange rates at the end of the reporting periods. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table below, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates. The increase or decrease in profit or loss arises mainly from a change in the foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, and other assets. The increase or decrease in other comprehensive income arises mainly from a change in the fair value of US Dollar denominated investment securities classified as available for sale.

(All amounts are in thousands of Naira)

	Impact on	Exchange rates (USD to Naira)	Net exposure translation	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group					
30 June 2016	Profit or loss	282.5	156,494,405	(7,824,720)	7,824,720
	Other comprehensive income	282.5	126,541,591	(6,327,080)	6,327,080
Group					
31 December 2015	Profit or loss	196.5	51,577,004	(2,578,850)	2,578,850
	Other comprehensive income	196.5	113,479,673	(5,673,984)	5,673,984
Authority					
30 June 2016	Profit or loss	282.5	151,975,940	(7,598,797)	7,598,797
	Other comprehensive income	196.5	112,392,370	(5,619,618)	5,619,618
Authority					
31 December 2015	Profit or loss	196.5	51,190,840	(2,559,542)	2,559,542
	Other comprehensive income	196.5	103,249,573	(5,162,479)	5,162,479

5.3.4 Interest risk management

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

The Group is not exposed to interest rate risk i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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. As at the end of the reporting period, the Group's financial assets or liabilities are neither exposed to cash flow or fair value interest rate risk. Hence, no interest rate sensitivity analysis is required.

5.3.5 Equity securities price risk

The Group is exposed to equity securities price risk because of investments held and classified on the statement of financial position as available-for-sale. 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 in accordance with established limits.

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:

	Sensitivity	Group	Group	Authority	Authority
		As at 30 June 2016	As at 31 December 2015	As at 30 June 2016	December 2015
		N'000	N'000	N'000	N'000
Available for sale equities	5% increase	174,123	943,093	174,123	431,588
	5% decrease	(174,123)	(943,093)	(174,123)	(431,588)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities classified as available for sale by the amounts shown above.

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6 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 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 table analyses within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 30 June 2016. All fair value measurements disclosed are recurring fair value measurements. There were no transfers between levels during the period.

Group

30 June 2016

	Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale investment securities	16	27,203,183	3,482,464	77,138,991	107,824,638

31 December 2015

	Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale investment securities	16	57,912,400	2,422,316	53,144,957	113,479,673

Authority

30 June 2016

	Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale investment securities	16	27,203,183	3,482,464	62,989,770	93,675,417

31 December 2015

	Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale investment securities	16	57,912,400	2,422,316	42,914,857	103,249,573

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 30 June 2016. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity investments as well as fixed income instruments classified as available for sale.

(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, which market participants would pay to purchase the asset as at the reporting date.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments. 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.

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(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 judgement. 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.

Level 3 is comprised of Investee Funds held by a subsidiary ('KG Brussels LP' or 'the Fund') that are not quoted in active markets. The fair value of these investments are determined using the latest available financial statements and/or capital account statements provided by the Investee Fund's general partner, unless there are reasons why such a valuation may not be the best approximation of fair value. In such cases, management determines fair value for such investments which may differ from what is reported by the Investee Fund's general partner.

The fair value as at 30 June 2016 was as stated in the Capital Account statements provided by the General Partner of each investee fund.

Available-for-sale (Investments in hedge funds and private equity funds)

Level 3 also include investments in hedge funds and private equity funds that are not quoted in active markets. In determining the fair value of these investments, the Authority relies on the valuation 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, management calculates a fair value which may differ from the one reported by the investment manager.

The following table presents the changes in Level 3 instruments for the period ended 30 June 2016 for available for sale financial assets.

	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	N'000	N'000	N'000	N'000
Balance, beginning of period	53,144,957	37,551,874	42,914,857	28,277,032
Additions	2,113,991	14,529,162	1,571,303	12,786,105
Distributions received	-	602,440	-	(779,326)
Disposals and repayments	(171,717)	(3,498,413)	(171,717)	(2,296,672)
Write-offs	(65,861)	-	(65,861)	-
Change in fair value	54,158	(2,425,950)	6,927	(1,458,126)
Exchange gain/ (loss)	22,063,463	6,385,844	18,734,261	6385844
Balance, end of period	<u>77,138,991</u>	<u>53,144,957</u>	<u>62,989,770</u>	<u>42,914,857</u>

The table below shows the sensitivity analysis of fair value movements for available-for-sale financial assets:

		Group	Authority
		30 June 2016	30 June 2016
		N'000	N'000
Available for sale financial assets	5% change in fair value inputs	Inputs	Difference
		Difference	Difference
Fair value movement	Increase	NAV adjusted	2,708
	Decrease		(2,708)
			346
			(346)
		Group 31 December 2015	Authority 31 December 2015
		N'000	N'000
Available for sale financial assets	5% change in fair value inputs	Inputs	Difference
		Difference	Difference
	Increase		(121,297)
	Decrease	NAV adjusted	(72,906)
			121,297
			72,906

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6.1 Financial assets and financial liabilities

The financial instruments by category for the Group is shown in the tables below:

Group

30 June 2016

	Note	Held-to-maturity N'000	Loans and receivables N'000	Available-for-sale N'000	Other financial liabilities N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	12	-	157,223,481	-	-	157,223,481	157,223,481
Investment securities:	13						
Measured at fair value		-	-	107,824,638	-	107,824,638	107,824,638
Measured at amortised cost		18,716,953	39,239,752	-	-	57,956,705	57,956,705
Other assets	15	-	1,902,443	-	-	1,902,443	1,902,443
		18,716,953	198,365,676	107,824,638	-	324,907,267	324,907,267
Trade and other payables	19	-	-	-	18,900,644	18,900,644	18,900,644
		-	-	-	18,900,644	18,900,644	18,900,644

Group

31 December 2015

	Note	Held-to-maturity N'000	Loans and receivables N'000	Available-for-sale N'000	Other financial liabilities N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	12	-	37,983,532	-	-	37,983,532	37,983,532
Investment securities:	13						
Measured at fair value		-	-	113,479,673	-	113,479,673	113,479,673
Measured at amortised cost		20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	15	-	1,472,508	-	-	1,472,508	1,472,508
		20,672,575	69,686,339	113,479,673	-	203,838,587	198,516,521
Trade and other payables	19	-	-	-	15,788,509	15,788,509	15,788,509
		-	-	-	15,788,509	15,788,509	15,788,509

Authority

30 June 2016

<i>In thousands of Naira</i>	Note	Held-to-maturity N'000	Loans and receivables N'000	Available-for-sale N'000	Other financial liabilities N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	12	-	149,979,034	-	-	149,979,034	149,979,034
Investment securities:	13						
Measured at fair value		-	-	93,675,417	-	93,675,417	93,675,417
Measured at amortised cost		18,716,953	39,239,752	-	-	57,956,705	57,956,705
Other assets	15	-	4,367,566	-	-	4,367,566	4,367,566
		18,716,953	193,586,352	93,675,417	-	305,978,722	305,978,722
Trade and other payables	19	-	-	-	5,505,180	5,505,180	5,505,180
		-	-	-	5,505,180	5,505,180	5,505,180

Authority

31 December 2015

<i>In thousands of Naira</i>	Note	Held-to-maturity N'000	Loans and receivables N'000	Available-for-sale N'000	Other financial liabilities N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	12	-	32,913,468	-	-	32,913,468	32,913,468
Investment securities:	13						
Measured at fair value		-	-	103,249,573	-	103,249,573	103,249,573
Measured at amortised cost		20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	15	-	3,844,603	-	-	3,844,603	3,844,603
		20,672,575	66,988,370	103,249,573	-	190,910,518	185,588,452
Trade and other payables	19	-	-	-	4,102,341	4,102,341	4,102,341
		-	-	-	4,102,341	4,102,341	4,102,341

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7 Segment Information

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by the Executive management. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the profitability of each segment. Also, the Act requires that the Board may, upon unanimous vote, declare a distribution out of unvested and committed available funds provided that such distribution; is paid out of the realised profit of the Authority at such times as Authority shall have realised a net profit in each of the funds for at least 5 years following the enactment of the Act and made a net profit in each of the funds in the year in which such dividends is to be paid. This shall be paid only after the Authority has set aside sufficient funds to meet the Authority's anticipated operational needs.

Group	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
30 June 2016	N'000	N'000	N'000	N'000
Investment, interest and other income	(116,331)	(326,810)	1,473,592	1,030,451
Net exchange gains	17,884,719	30,651,105	15,736,308	64,272,132
Gross segment income	17,768,388	30,324,295	17,209,900	65,302,583
Investment management expenses	(10,213)	(240,847)	(13,742)	(264,802)
Local custodian fees	(1,669)	(3,338)	(5,826)	(10,833)
Global custodian fees	(11,281)	(16,270)	(50,991)	(78,542)
Professional expenses	(624)	(50,699)	(61,533)	(112,856)
Other operating expenses	(8,593,177)	(17,188,513)	(17,201,948)	(42,983,638)
Segmented profit for the period	9,151,424	12,824,628	(124,140)	21,851,912
Reportable segment assets	67,795,096	143,149,545	128,266,885	339,211,527
Reportable segment liabilities	(11,272,702)	(19,762,254)	(32,994,249)	(64,029,204)
Authority	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
30 June 2016	N'000	N'000	N'000	N'000
Investment, interest and other income	(124,818)	(97,822)	1,425,539	1,202,899
Net exchange gains	17,884,719	30,650,230	15,736,308	64,271,257
Gross segment income	17,759,901	30,552,408	17,161,847	65,474,156
Investment management expenses	(11,426)	(240,847)	(13,742)	(266,013)
Local custodian fees	(1,669)	(3,338)	(5,826)	(10,833)
Global custodian fees	(2,793)	(16,270)	(2,939)	(22,002)
Professional expenses	(624)	(49,672)	(61,533)	(111,829)
Other operating expenses	(8,593,177)	(17,190,652)	(17,201,948)	(42,985,778)
Segmented profit for the period	9,150,212	13,051,629	(124,141)	22,077,701
Reportable segment assets	67,795,096	127,521,308	114,905,847	310,222,251
Reportable segment liabilities	(11,272,702)	(19,695,251)	(19,662,787)	(50,630,740)

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Authority	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Total
31 December 2015	N'000	N'000	N'000	N'000
Investment, interest and other income	335,052	1,197,429	4,270,307	5,802,788
Other non-operating income	3,750,201	951,948	3,994,913	8,697,062
Total operating segment income	4,085,253	2,149,377	8,265,220	14,499,850
Investment management expenses	(72,120)	(362,707)	(57,954)	(492,781)
Local custodian fees	-	-	(12,251)	(12,251)
Global custodian fees	(12,274)	(65,259)	(14,094)	(91,627)
Professional expenses	-	(79,668)	(18,084)	(97,752)
Other operating expenses	(351)	(23,542)	(59,788)	(83,681)
Segmented profit for the period	4,000,508	1,618,201	8,103,049	13,721,758
Reportable segment assets	40,091,992	78,249,863	77,635,721	195,977,576
Reportable segment liabilities	821,835	-	3,925	825,761

Reconciliation of reportable segment revenues, profit or loss and assets and liabilities

	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	N'000	N'000	N'000	N'000
Revenues				
Total revenue for reportable segments	65,302,583	5,812,978	65,474,156	5,802,788
Unallocated amounts	47,002,013	8,767	45,615,280	8,829
Total revenue for the year	112,304,596	5,821,745	111,089,436	5,811,617
Profit or loss				
Total profit or loss for reportable segments	21,851,912	13,169,317	22,077,701	13,721,758
Unallocated amounts	89,278,138	(1,393,739)	87,817,098	(1,515,877)
Total profit for the period	111,130,050	11,775,578	109,894,799	12,205,881
Assets				
Total assets for reportable segments	339,211,527	210,072,867	310,222,251	195,977,576
Other unallocated amounts	41,115,680	3,601,919	50,065,737	3,709,439
Total assets for the period	380,327,207	213,674,786	360,287,988	199,687,015
Liabilities				
Total liabilities for reportable segments	(64,029,204)	12,514,927	(50,630,740)	825,760
Other unallocated amounts	82,929,848	3,273,582	56,135,920	3,276,581
Total liabilities for the period	18,900,644	15,788,509	5,505,180	4,102,341

7a Entity-wide information

The breakdown of investment income from external customers are as follows:

	Group 30 June 2016	Group 31 December	Authority 30 June 2016	Authority 31 December
	N'000	N'000	N'000	N'000
Attributable to the Authority's country of domicile	2,546,725	4,409,646	2,546,725	4,409,646
Attributable to foreign countries	44,448,378	1,263,638	44,216,140	1,290,373
Investment, interest and other income	46,995,103	5,673,284	46,762,865	5,700,019

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8 Investment, interest and other income

Interest earned on treasury bills	453,795	941,024	453,795	442,529
Interest earned on fixed deposits	1,136,228	755,918	1,119,290	278,554
Dividend income	91,396	154,248	91,396	77,932
Income earned on private equities	(255,427)	1,136,564	(470,727)	458,479
Interest earned on bank balances and other income	10,102	41,153	10,102	37,022
Unrealised gain on financial assets at fair value through profit or loss	45,559,009	-	45,559,009	-

	Group	Group	Authority	Authority
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	N '000	N '000	N '000	N '000
	46,995,103	3,028,907	46,762,865	1,294,516

9 Operating and administrative expenses

Personnel costs (Note 10)	558,929	523,638	558,929	523,638
Depreciation and amortisation	45,528	45,104	44,668	45,104
Audit fee	-	-	-	-
Non-audit fees	5,500	3,500	5,500	22,000
Other professional fees	124,765	321,444	126,218	302,944
Directors' remuneration and expenses	230	53,732	230	53,732
General and administrative	66,483	525,142	64,003	61,935
Office rent and other expenses	51,447	46,043	51,447	46,043
Travel expenses	43,643	18,380	43,643	18,380

	896,525	1,536,983	894,638	1,073,776
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10 Personnel costs

Salaries and wages	526,518	493,892	526,518	493,892
Contributions to defined contribution plans	32,411	29,746	32,411	29,746

	558,929	523,638	558,929	523,638
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The average number of persons employed by the Authority during the period including executive directors was as follows:

Executive management staff and senior staff	11	10	11	10
Non-management staff	17	17	17	17

	Number	Number	Number	Number
	28	27	28	27

11 Taxation

Withholding tax expense (WHT)	214	22,205	214	15,388
Total tax expense	214	22,205	214	15,388

	214	22,205	214	15,388
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Withholding tax is deducted at source on certain dividend and capital distribution due to the Group

Effective tax rate reconciliation:

	Group		Authority	
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
	N '000	N '000	N '000	N '000
Profit before tax		111,130,264		109,895,013
Tax calculated at domestic tax rates applicable to profits in Nigeria (0%)	0%	-	0%	-
Withholding tax	0.00%	(214)	0.00%	(214)
Tax charge	0.00%	(214)	0.00%	(214)

The Authority and its wholly-owned subsidiary entities in Nigeria are exempt from the provisions of any and all fiscal laws or regulations of all levels of Government in Nigeria.

12 Cash and cash equivalents

Cash	35	133	35	133
Bank balances	119,767,524	24,099,268	112,523,077	22,826,036
Money market placements	37,455,922	13,884,131	37,455,922	10,087,299

	Group	Group	Authority	Authority
	30 June 2016	31 December	30 June 2016	31 December
	N '000	N '000	N '000	N '000
	157,223,481	37,983,532	149,979,034	32,913,468

13 Investment securities

Held to maturity (HTM) investments (Note 13.1)	18,716,953	20,672,575	18,716,953	20,672,575
Loans and receivables (Note 13.2)	39,239,752	30,230,299	39,239,752	30,230,299
Available for sale investments (Note 13.3)	107,824,638	113,479,673	93,675,417	103,249,573

	165,781,343	164,382,547	151,632,122	154,152,447
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	Group 30 June 2016 N '000	Group 31 December 2015 N '000	Authority 30 June 2016 N '000	Authority 31 December 2015 N '000
13.1 HTM investment securities				
Quoted bonds	18,716,953	20,672,575	18,716,953	20,672,575
	18,716,953	20,672,575	18,716,953	20,672,575
Maturity Analysis:				
Current	-	11,177,085	-	11,177,085
Non-Current	18,716,953	9,495,490	18,716,953	9,495,490
	18,716,953	20,672,575	18,716,953	20,672,575
13.2 Loans and receivables				
Unquoted bonds	12,160,330	10,538,215	12,160,330	10,538,215
Term deposits	27,079,422	19,692,084	27,079,422	19,692,084
	39,239,752	30,230,299	39,239,752	30,230,299
Maturity Analysis:				
Current	39,239,752	30,230,299	39,239,752	30,230,299
	39,239,752	30,230,299	39,239,752	30,230,299
13.3 Analysis of available for sale investments				
Treasury bills	22,992,906	9,952,654	22,992,906	9,952,655
Unquoted equities	3,482,464	16,981,113	3,482,464	6,751,012
Hedge funds and private equities	81,349,268	86,545,906	67,200,047	86,545,906
	107,824,638	113,479,673	93,675,417	103,249,573
Maturity Analysis:				
Non-Current	107,824,638	113,479,673	93,675,417	103,249,573
	107,824,638	113,479,673	93,675,417	103,249,573
Movement in available for sale investments				
Balance, beginning of period	113,479,673	97,315,725	103,249,573	88,040,883
Additions/(disposals):				
Treasury bills	8,475,000	69,146	8,475,000	69,146
Equities	-	2,453,991	-	414,612
Hedge funds and private equities	(45,379,687)	986,575	(45,379,687)	986,575
Fair value losses:				
Net losses transferred to OCI	(475,115)	(4,194,541)	(119,002)	(3,110,420)
Foreign currency translation:				
Net exchange gains	31,724,767	16,848,777	27,449,533	16,848,777
	107,824,638	113,479,673	93,675,417	103,249,573
14 Financial asset at fair value through profit or loss				
Derivative assets - currency swaps	45,559,009	-	45,559,009	-
	45,559,009	-	45,559,009	-
15 Other assets				
Trade receivables	1,394,318	930,118	1,429,644	1,559,198
Prepaid expenses	502,054	537,634	517,482	537,591
Deposit for shares	-	-	2,414,369	1,743,058
Advances to staff	6,071	4,756	6,071	4,756
	1,902,443	1,472,508	4,367,566	3,844,603
Maturity Analysis:				
Current	1,902,443	1,472,508	4,367,566	3,844,603
	1,902,443	1,472,508	4,367,566	3,844,603
16 Investments				
The amounts recognised in the statement of financial position are as follows:				
Subsidiaries				
At beginning of period	-	-	7,066,155	11,994,482
Additions	-	-	-	2,000
Disposals	-	-	-	(4,930,327)
At end of period	-	-	7,066,155	7,066,155
Maturity Analysis:				
Non-Current	-	-	7,066,155	7,066,155
	-	-	7,066,155	7,066,155

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16.1 Investment in subsidiaries

The group had the following subsidiaries at 30 June 2016

Name of entity	Country of incorporation	% of ownership interest	Authority
			30 June 2016 N '000
NSIA Motorways Investment Corporation (NMIC)	Nigeria	100	1,000
KG Acquisition I LLC	United States of America	100	-
KG Brussels LP	United States of America	99.97	7,063,155
FGF Private Equity Co. Ltd	Nigeria	100	1,000
FGF Investments Ltd	Nigeria	100	1,000
			<u>7,066,155</u>

KG Brussels LP is a Partnership that holds a portfolio of investments in private equity 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.

16.2 Associates

At beginning of period
Share of profit or loss
Share of fair value reserves
At end of period

	Group 30 June 2016 N '000	Group 31 December N '000	Authority 30 June 2016 N '000	Authority 31 December N '000
	2,129,600	1,616,364	1,600,000	1,600,000
	21,978	124,914	-	-
	29,853	388,322	-	-
	<u>2,181,431</u>	<u>2,129,600</u>	<u>1,600,000</u>	<u>1,600,000</u>
Maturity Analysis:				
Non-Current	2,181,431	2,129,600	1,600,000	1,600,000
	<u>2,181,431</u>	<u>2,129,600</u>	<u>1,600,000</u>	<u>1,600,000</u>

The amounts recognised in the income statement are as follows:

Associates	565,067	529,600	-	-
	<u>565,067</u>	<u>529,600</u>	<u>-</u>	<u>-</u>

16.3 Investment in associates

Set out below is the associate of the Group as at 30 June 2016.

Name of entity	Place of business	% of ownership interest	Nature of the relationship	Measurement method
Nigeria Mortgage Refinancing Company (NMRC) Plc	Nigeria	22.7	Associate	Equity

16.4 NMRC is a government business entity and there is no quoted market price for its shares. Below are its summarised financial information.

Summarised statement of financial position	30 June 2016 N '000	31 December 2015 N '000
Assets		
Cash and cash equivalents	8,930,779	21,526,554
AFS Bonds	10,305,349	16,825,209
Prepaid allowances	45,035	-
HTM investment securities	14,798,504	-
Prepayments	70,116	92,776
Other assets	51,402	86,433
Intangible asset	48,753	1,870,564
Property and equipment	279,639	149,029
Mortgage Refinance loan	5,494,282	-
Total assets	<u>40,023,859</u>	<u>40,550,565</u>
Liabilities		
Accounts payable	-	198,592
Sundry creditors	131,389	-
Guarantee fee payable	98,390	-
Term loan	-	23,303,888
Current Liabilities	<u>229,779</u>	<u>23,502,480</u>
NMRC Fixed Rate Bonds	7,680,734	7,730,039
Long-term Borrowings	23,792,289	-
Non-current Liabilities	<u>31,473,023</u>	<u>7,730,039</u>
Capital and reserves		
Share capital	1,762,500	6,944,290
Share premium	5,181,790	-
Retained earnings	797,529	497,590
Statutory reserve	293,784	165,121
Available for sale reserves	285,454	1,711,045
Total equity	<u>8,321,057</u>	<u>9,318,046</u>
Total liabilities and equity	<u>40,023,859</u>	<u>40,550,565</u>

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Summarised statement of comprehensive income

	30 June 2016	31 December 2015
	N '000	N '000
Interest income	397,211	3,163,592
Interest expense	(186,097)	(1,074,663)
Other income	-	-
Depreciation and amortisation	(6,882)	(47,230)
Personnel expenses	(65,233)	(592,499)
Operating expenses	(42,178)	(898,797)
Profit for the period	96,821	550,403
Other comprehensive income:		
Net gain/(loss) on fair value changes before taxation	131,510	47,503
Total comprehensive income for the period	228,331	597,906

The information above reflects the amounts presented in the financial statements of the associate (and not NSIA's share of those amounts).

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate.

Summarised financial information	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	N '000	N '000	N '000	N '000
Opening net assets	9,383,550	6,954,393	7,050,000	7,050,000
Capital on start-up/Additional capital	-	55,401	-	-
Profit for the period	96,821	2,373,756	-	-
Closing net assets	9,480,371	9,383,550	7,050,000	7,050,000
Carrying values (22.7%)	2,181,431	2,129,600	1,600,000	1,600,000

17 Property and equipment

Group	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Assets under construction	Total
	N '000	N '000	N '000	N '000	N '000	N '000
Cost						
Balance at 1 January 2015	140,812	89,625	1,191	75,044	3,587,495	3,894,167
Additions	10,554	4,775	270	1,364	4,003,526	4,020,489
Disposals	(22,735)	-	(390)	380	-	(23,505)
Balance at 31 December 2015	128,631	94,400	1,071	76,028	7,591,021	7,891,151
Additions	10,000	10,000	705	954	-	21,659
Disposals	(18,000)	-	-	-	-	(18,000)
Balance at 30 June 2016	120,631	104,400	1,776	76,982	7,591,021	7,894,810
Accumulated depreciation						
Balance at 1 January 2015	53,079	43,570	422	24,223	-	121,294
Charge for the year	36,212	30,775	288	15,251	-	82,526
Disposals	(13,274)	-	(82)	(173)	-	(13,529)
Balance at 31 December 2015	76,017	74,345	628	39,301	-	190,291
Charge for the year	17,385	16,275	189	7,609	-	41,458
Disposals	(14,770)	-	-	-	-	(14,770)
Balance at 30 June 2016	78,632	90,620	817	46,910	-	216,979
Net book values						
At 30 June 2016	41,999	13,780	959	30,072	7,591,021	7,677,831
At 31 December 2015	52,614	20,055	443	36,727	7,591,021	7,700,860

Authority	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Total
	N '000	N '000	N '000	N '000	N '000
Cost					
Balance at 1 January 2015	140,812	89,625	1,191	75,044	306,672
Additions	3,662	4,775	270	1,364	10,071
Disposals	(22,735)	-	(390)	(380)	(23,505)
Balance at 31 December 2015	121,739	94,400	1,071	76,028	293,238
Additions	10,000	10,000	705	954	21,659
Disposals	(18,000)	-	-	-	(18,000)
Balance at 30 June 2016	113,739	104,400	1,776	76,982	296,897
Accumulated depreciation					
Balance at 1 January 2015	53,079	43,570	422	24,223	121,294
Charge for the year	34,554	30,775	288	15,251	80,868
Disposals	(13,272)	-	(82)	(173)	(13,527)
Balance at 31 December 2015	74,361	74,345	628	39,301	188,635
Charge for the year	16,525	16,275	189	7,609	40,598
Disposals	(14,770)	-	-	-	(14,770)
Balance at 30 June 2016	76,116	90,620	817	46,910	214,463
Net book values					
At 30 June 2016	37,623	13,780	959	30,072	82,433
At 31 December 2015	47,378	20,055	443	36,727	104,603

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18 Intangible assets - Software

Cost

Balance, beginning of period

Additions

Balance, end of period

Amortisation

Balance, beginning of period

Charge for the period

Balance, end of period

Net book value

	Group 30 June 2016 N '000	Group 2015 N '000	Authority 30 June 2016 N '000	Authority 2015 N '000
Balance, beginning of period	24,503	22,828	24,503	22,828
Additions	-	1,675	-	1,675
Balance, end of period	24,503	24,503	24,503	24,503
Balance, beginning of period	18,764	10,660	18,764	10,660
Charge for the period	4,070	8,104	4,070	8,104
Balance, end of period	22,834	18,764	22,834	18,764
Net book value	1,669	5,739	1,669	5,739

19 Trade and other payables

Trade payables

Accruals

Other payables

Payable to related party (Note 22 (i))

Trade payables	47,465	921,099	17,149	921,099
Accruals	27,185	295,757	27,185	290,008
Other payables	6,414,503	3,010,787	5,460,846	2,891,234
Payable to related party (Note 22 (i))	12,411,491	11,560,866	-	-
	18,900,644	15,788,509	5,505,180	4,102,341

All items that make up Trade and other payables are current.

20 Equity and reserves

Contribution by Government

Retained earnings (Note 20.1)

Fair value reserves (Note 20.2)

Currency translation reserves (Note 20.3)

Non-controlling interest (Note 20.4)

Contribution by Government	204,375,000	155,250,000	204,375,000	155,250,000
Retained earnings (Note 20.1)	128,596,227	17,466,251	127,633,224	17,738,425
Fair value reserves (Note 20.2)	23,090,313	23,513,074	22,774,584	22,596,249
Currency translation reserves (Note 20.3)	5,360,576	1,653,739	-	-
Non-controlling interest (Note 20.4)	4,447	3,213	-	-
	361,426,563	197,886,277	354,782,808	195,584,674

20.1 Retained earnings

Opening balance

Profit for the period

Contribution to NCI

Closing balance

Opening balance	17,466,251	5,691,084	17,738,425	5,532,544
Profit for the period	111,129,976	11,775,728	109,894,799	12,205,881
Contribution to NCI	-	(561)	-	-
Closing balance	128,596,227	17,466,251	127,633,224	17,738,425

20.2 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired. The amount presented within other comprehensive income are the gross amounts as the Authority is exempted from income taxes.

Items that may subsequently be reclassified to profit or loss:

Opening balance

Change in value of available- for- sale financial assets

Share of change in value of available-for-sale financial assets - (Associates)

Non-controlling interest

Closing balance

	Group 30 June 2016 N '000	Group 31 December 2015 N '000	Authority 30 June 2016 N '000	Authority 31 December 2015 N '000
Opening balance	23,513,074	10,470,202	22,596,249	8,857,892
Change in value of available- for- sale financial assets	(452,827)	12,654,863	178,335	13,738,357
Share of change in value of available-for-sale financial assets - (Associates)	29,853	388,322	-	-
Non-controlling interest	213	(313)	-	-
Closing balance	23,090,313	23,513,074	22,774,584	22,596,249

20.3 Currency translation reserve

Opening balance

Net changes in foreign currency

Non-controlling interest

Opening balance	1,653,739	116,981	-	-
Net changes in foreign currency	3,708,210	1,536,758	-	-
Non-controlling interest	(1,373)	-	-	-
	5,360,576	1,653,739	-	-

20.4 Non-controlling interest

This is the non-controlling interest in KG Brussels, L.P.

Beginning of period

Share capital

Retained earnings

Other comprehensive income

Currency translation reserves

Reduction in capital

Beginning of period	3,213	-	-	-
Share capital	-	3,000	-	-
Retained earnings	74	411	-	-
Other comprehensive income	(213)	(313)	-	-
Currency translation reserves	1,373	461	-	-
Reduction in capital	-	(346)	-	-
	4,447	3,213	-	-

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21 Capital management

The adjusted net debt to equity ratio at 30 June 2016 was as follows:

	Group 30 June 2016 N '000	Group 2015 N '000	Authority 30 June 2016 N '000	Authority 2015 N '000
Total liabilities	18,900,644	15,788,509	5,505,180	4,102,341
Less: cash and cash equivalents	157,223,481	37,983,532	149,979,034	32,913,468
Net debt	(138,322,837)	(22,195,023)	(144,473,854)	(28,811,127)
Total equity	361,426,563	197,883,064	354,782,808	195,584,674
Adjusted equity	361,426,563	197,883,064	354,782,808	195,584,674
Net debt to adjusted equity ratio	-38%	-11%	-41%	-15%

Management monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Adjusted equity comprises all components of equity.

22 Related parties

Nigerian Sovereign Investment Authority (NSIA) is the ultimate parent/controlling party of the Group.

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. Or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel. The Authority's key management personnel, and persons connected with them, are also considered to be related parties.

NMIC, KG Acquisitions 1 LLC, KG Brussels LP and FGF Private Equity Co.Ltd are subsidiaries of the Authority and are therefore related parties. NMRC is an associate of the Authority and is also a related party.

The following are the transactions with related parties during the period:

(i) Payable to related party

	Group 30 June 2016 N '000	Group 31 December 2015 N '000	Authority 30 June 2016 N '000	Authority 31 December 2015 N '000
Payable to Federal Government of Nigeria (FGN) in respect of Second Niger Bridge project	12,411,491	11,560,866	-	-
	12,411,491	11,560,866	-	-

22.1 Compensation of key management personnel

The key management personnel are the executive and non-executive directors of the Authority and the compensation paid or payable to key management for employee services is shown below:

	Group 30 June 2016 N '000	Group 30 June 2015 N '000	Authority 30 June 2016 N '000	Authority 30 June 2015 N '000
Short-term employee benefits	252,851	252,851	252,851	252,851
Fees as directors	-	25,000	-	25,000
Other allowances	230	90,310	230	90,310
Defined contribution plan	15,171	15,905	15,171	15,905
	268,252	384,066	268,252	384,066

23 Stabilisation Fund

The Authority engaged the following investment managers for the management of the Stabilisation Fund.

23.1.1 UBS Global Asset Management (UK) LTD

The Authority engaged UBS Global Asset Management Company as its agent and delegate to manage the investment 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 on the transactions, valuations and performance of the account on a monthly, quarterly and annual basis.

23.1.2 JP Morgan Asset Management

The Authority subscribed to X Class Shares of the sub-fund "JPM Income Opportunity X", of JPMorgan Investment Funds.

JPM 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.

23.1.3 Goldman Sachs Asset Management

The Authority subscribed to Class IO Shares of Goldman Sachs Global Strategic Income Bond Portfolio of Goldman Sachs SICAV.

Goldman Sachs provides the Authority with reports containing the holdings, valuations and performance of the account on a monthly basis.

23.1.4 Legg Mason Global Asset Management

The Authority subscribed to LM Class shares.

23.2 Future Generations Fund

23.2.1 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 Arbiter Offshore Ltd
- 4 AQR Capital Management

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23.2.2 Commodity managers

The Commodity manager in which the Future Generations Fund is invested as at period end is:

- 1 The Jamison Capital Partners

23.2.3 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 Limited
- 2 Edgbaston Investment Partners
- 3 Somerset Capital Management LLP
- 4 Marathon Asset Management LLP
- 5 Capital Group
- 6 Prince street Institutional Ltd
- 7 Prince street Opportunities Ltd
- 8 Chieftain Capital

23.2.4 Private equity partners

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

- 1 Z Capital Partners
- 2 Healthcare Royalty Partners
- 3 Xenon Private Equity
- 4 Helios Investment partners
- 5 Africa Capital Alliance
- 6 Actis Capital

23.2.5 Income opportunity fund

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

- 1 Goldman Sachs Asset Management
- 2 JP Morgan Asset Management
- 3 Legg Mason Global Asset Management

23.3 Nigeria Infrastructure Fund

23.3.1 Private equity Partners

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

- 1 Fund for Agricultural Finance in Nigeria

23.3.2 Income opportunity fund

The income opportunity fund managers with which the Infrastructure Fund is invested as at period end are stated below:

- 1 Goldman Sachs Asset Manager International
- 2 JP Morgan Asset Management
- 3 Legg Mason Global Asset Management

23.4 Nigerian equities

A portion of the Infrastructure Fund was invested in the following Nigerian equities:

MTN Nigeria Communications Limited
 Nigeria Mortgage Refinance Company Plc.

23.5 Custodians

JP Morgan (Foreign Custodian)
 Stanbic IBTC Bank Limited (Local Custodian)

The Authority engaged these firms to provide custody services, as well as accounting, performance and compliance services.

The custodians provide reports to the Authority on the performance of the Authority's capital in their custody on a monthly basis.

24 Commitments

(a) Capital commitments:

Unfunded commitments with private equity fund managers are as follows:

	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	\$'000	\$'000	\$'000	\$'000
Capital commitments - USD:				
HealthCare Royalty Partners (HCRP)	14,777	14,777	14,777	14,777
Z Capital Partners	8,010	9,476	8,010	9,476
Fund for Agricultural Finance in Nigeria (FAFIN)	3,886	4,007	3,886	4,007
Helios Investors	5,165	5,902	5,165	5,902
Africa Capital Alliance	6,486	8,799	6,486	8,799
Actis Africa Real Estate	8,897	9,296	8,897	9,296
Total	47,221	52,257	47,221	52,257
	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	Euro '000	Euro '000	Euro '000	Euro '000
Capital commitments - Euro:				
Xenon Private Equity	3,450	3,482	3,450	3,482

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(b) Operating lease commitments - group company as lessee:

The Group leases its head office under noncancellable operating lease agreements. The lease terms are between 2 and 5 years, and the agreement is renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group 30 June 2016	Group 31 December 2015	Authority 30 June 2016	Authority 31 December 2015
	N '000	N '000	N '000	N '000
No later than 1 year	12,000	-	12,000	-
Later than 1 year and no later	-	-	-	-
Total	12,000	-	12,000	-

25 Other fiduciary activities

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 moved out of the DMO fund in order to fund the Second Niger Bride project on the authority of the Federal Government. The total fair value of the Fund as at 30 June 2016 was USD\$479.92 million (2015:\$525 million) while Nil income (2015:N38 million) has been accrued by the Authority from the fiduciary agreement as of 30 June 2016.

A sum of N6.17 billion was also received from the Federal Government Stabilization Account via the 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 2016 was N7.10 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.

Nigeria Sovereign Investment Authority
Value added statement
For the year ended 30 June 2016

	Group 30 June 2016		Group 30 June 2015		Authority 30 June 2016		Authority 30 June 2015	
	N '000	%	N '000	%	N '000	%	N '000	%
Revenue	46,695,318		3,028,907		46,463,080		2,429,751	
Administrative expenses	(896,525)		(1,812,402)		(894,638)		(1,349,195)	
Other non-operating income	65,309,493		8,635,443		64,326,571		8,635,443	
Value added	111,108,286	100%	9,851,948	100%	109,895,013	100%	9,715,999	100%
Applied as follows:								
To pay employees								
Salaries and wages	558,929	1%	523,638	5%	558,929	1%	523,638	5%
Maintenance of assets								
Depreciation	41,458	0%	37,350	1%	40,598	0%	36,562	1%
To pay government								
Taxation	214	0%	22,205	0%	214	0%	15,388	0%
Retained for growth and expansion								
Profit for the year	110,507,685	99%	9,268,755	94%	109,295,272	100%	9,140,411	94%
	111,108,286	100%	9,851,948	100%	109,895,013	100%	9,715,999	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.

Nigeria Sovereign Investment Authority
Three year financial summary

Statements of financial position	Group	Group	Group	Authority	Authority	Authority
	6 month period ended 30 June 2016	12 months ended 31 December 2015	12 months ended 31 December 2014	6 month period ended 30 June 2016	Authority ended 31 December 2015	Authority ended 31 December 2014
	N '000	N '000	N '000		N '000	N '000
Cash and cash equivalents	157,223,481	37,983,532	49,903,739	149,979,034	32,913,468	43,098,473
Investment securities	165,781,343	164,382,547	117,746,679	151,632,122	154,152,447	108,471,837
Financial asset at fair value through profit or loss	45,559,009	-	-	45,559,009	-	-
Other assets	1,902,443	1,472,508	4,786,733	4,367,566	3,844,603	4,786,421
Investment in subsidiary	-	-	-	7,066,155	7,066,155	11,994,482
Investment in associates	2,181,431	2,129,600	1,616,364	1,600,000	1,600,000	1,600,000
Property and equipment	7,677,831	7,700,860	3,772,873	82,433	104,603	185,378
Intangible assets	1,669	5,739	12,168	1,669	5,739	12,168
Total assets	380,327,207	213,674,786	177,838,556	360,287,988	199,687,015	170,148,759
Liabilities						
Trade and other payables	18,900,644	15,788,509	6,310,289	5,505,180	4,102,341	508,323
Total liabilities	18,900,644	15,788,509	6,310,289	5,505,180	4,102,341	508,323
Equity and reserves						
Contribution by Government	204,375,000	155,250,000	155,250,000	204,375,000	155,250,000	155,250,000
Retained earnings	128,596,227	17,466,251	5,691,084	127,633,224	17,738,425	5,532,544
Fair value reserves	23,090,313	23,513,074	10,470,202	22,774,584	22,596,249	8,857,892
Currency translation reserves	5,360,576	1,653,739	116,981	-	-	-
Total equity and amount attributable to equity contributors (Government)	361,422,116	197,883,064	171,528,267	354,782,808	195,584,674	169,640,436
Non-controlling interests	4,447	3,213	-	-	-	-
Total equity	361,426,563	197,886,277	171,528,267	354,782,808	195,584,674	169,640,436
Total equity and liabilities	380,327,207	213,674,786	177,838,556	360,287,988	199,687,015	170,148,759

Nigeria Sovereign Investment Authority commenced operations in October 2012.

Nigeria Sovereign Investment Authority
Three year financial summary

Statements of comprehensive Income	Group 6 month period ended 30 June 2016 N '000	Group 6 month period ended 30 June 2015 N '000	Authority 6 month period ended 30 June 2016 N '000	Authority 6 month period ended 30 June 2015 N '000	Authority 6 month period ended 30 June 2014 N '000
Investment, interest and other income	46,995,103	3,028,907	46,762,865	2,429,751	2,230,598
Net foreign exchange gains	65,309,493	8,635,443	64,326,571	8,635,443	19,126
Total operating income	112,304,596	11,664,350	111,089,436	11,065,194	2,249,724
Investment management fees	(266,014)	(218,006)	(266,014)	(218,006)	(101,503)
Local custodian fees	(11,769)	(6,968)	(11,769)	(6,968)	(11,301)
Global custodian fees	(22,002)	(50,445)	(22,002)	(50,445)	(12,792)
Net investment, interest and other income	112,004,811	11,388,931	110,789,651	10,789,775	2,124,128
Operating and administrative expenses	(896,525)	(1,536,983)	(894,638)	(1,073,776)	(785,753)
Share of loss of investments in associates	21,978	12,381	-	-	-
Profit before tax	111,130,264	9,864,329	109,895,013	9,715,999	1,338,375
Taxation	(214)	(22,205)	(214)	(15,388)	-
Profit after tax	111,130,050	9,842,124	109,894,799	9,700,611	1,338,375
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Net changes in fair value of financial assets (available for sale)	(452,827)	18,629,133	178,335	18,127,759	1,302,205
Currency translation differences	3,708,210	1,728,280	-	-	-
Share of other comprehensive income of associates	29,853	-	-	-	-
Other comprehensive income for the period	3,285,236	20,357,413	178,335	18,127,759	1,302,205
Total comprehensive income for the period	114,415,286	30,199,537	110,073,134	27,828,370	2,640,580