

ROYAL EXCHANGE PLC**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***for the Quarter ended 30 JUNE 2014*

<i>In thousands of Naira</i>	Note	Group 30-Jun-14	Group 31-Dec-13	Company 30-Jun-14	Company 31-Dec-13
<u>ASSETS</u>					
Cash and Cash Equivalents	1	1,985,684	1,810,882	9,629	35,595
Loans and Advances	2	1,015,572	812,571	-	-
Advances under finance lease	3	195,419	218,585	-	-
Financial Assets:	4	3,389,998	3,558,965	-	-
Investment in Subsidiaries	5	-	-	7,620,464	7,620,464
Trade Receivables	6	825,945	421,637	-	-
Reinsurance Assets	7	1,811,431	2,044,041	-	-
Deferred Acquisition Cost	8	510,070	469,160	-	-
Other Receivables and prepayments	9	483,735	482,025	90,526	76,384
Investment in Associates	10	213,694	213,694	-	-
Investment Properties	11	7,092,569	7,092,569	-	-
Property and Equipment	12	1,738,789	1,690,707	19,475	16,852
Intangible Assets	13	56,680	37,419	-	-
Employees Retirement Benefits	14.b	166,963	166,963	-	-
Deferred Tax Assets	15.a	699,334	699,334	-	-
Statutory Deposits	16	555,000	555,000	-	-
Total Assets		20,740,882	20,273,551	7,740,094	7,749,295
<u>LIABILITIES</u>					
Bank borrowing	1	-	114	-	-
Deferred Income	17	114,082	84,797	-	-
Trade Payables	18	354,333	528,509	-	-
Other liabilities	19	920,504	1,170,110	566,412	452,819
Depositors' funds	20	953,963	595,449	-	-
Insurance Contract Liabilities	21	7,302,799	6,973,096	-	-
Investment Contract Liabilities	22	243,135	599,106	-	-
Dividend Payable	23	-	80,525	-	80,525
Current income tax liabilities	24	697,409	494,388	254,373	254,373
Employees benefit liability	14.a	526,440	550,660	20,139	20,139
Deferred Tax Liabilities	15.b	167,931	167,931	-	-
Total Liabilities		11,280,596	11,244,685	840,924	807,856
<u>EQUITY</u>					
Share capital	25	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	25	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	26.a	1,071,947	947,734	-	-
Treasury shares	26.b	(500,000)	(500,000)	-	-
Retained earnings	26.c	3,403,400	3,096,193	1,634,988	1,677,257
Other component of equity	26.d	221,318	221,318	561	561
Equity attributable to parent's shareholders		9,460,286	9,028,866	6,899,170	6,941,439
Non-controlling interests		-	-	-	-
Total Equity		9,460,286	9,028,866	6,899,170	6,941,439
Total Equity & Liabilities		20,740,882	20,273,551	7,740,094	7,749,295

Philip Ashinze
Chief Financial Officer
(FRCH/2012/ICAN/00000000394)

Chike Mokwunye
Managing Director
FRCN/2013/ODN/00000004071

ROYAL EXCHANGE PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Quarter ended 30 JUNE 2014

Income taxes

		Group	Group	Company	Company
	Note	30-Jun-14	30-Jun-14	30-Jun-13	30-Jun-13
<i>In thousands of Naira</i>					
Gross premium written:	27.a	6,426,697	4,597,806	-	-
Unearned premium	27.a	(1,062,580)	(802,273)	-	-
Gross Premium Income		5,364,117	3,795,533	-	-
Reinsurance Expenses	27.a	(1,562,028)	(869,732)	-	-
Net Premium Income		3,802,089	2,925,801	-	-
Fees and commission income	28	197,236	240,262	-	-
Net Underwriting Income		3,999,325	3,166,063	-	-
Insurance claims and benefits incurred	29	(1,153,789)	(1,573,295)	-	-
Insurance claims and benefits incurred - recoverable from reinsurers	30	3,292	309,773	-	-
Net claims expenses		(1,150,497)	(1,263,522)	-	-
Underwriting Expenses	31	(1,548,122)	(962,427)	-	-
Total Underwriting Expenses		(2,698,619)	(2,225,949)	-	-
Underwriting Profit		1,300,706	940,114	-	-
Net Interest Income	32	95,004	76,316	-	-
Investment and other income	33	340,371	323,336	-	-
Net fair value gain or loss on financial assets	34	10,368	15,595	-	-
Write-back/(charge) of impairment allowance	35	50,782	63,744	-	-
Other operating income	36	170,659	25,252	135,522	120,642
Net Income		1,967,890	1,444,357	135,522	120,642
Foreign Exchange (Gains)/Losses	37	155	479	-	-
Management expenses	38	1,333,295	1,125,622	177,791	129,854
Total Expenses		1,333,450	1,126,101	177,791	129,854
Profit before tax		634,440	318,256	(42,269)	(9,212)
Income taxes	24	(203,021)	(101,842)	-	-
Profit after Taxation		431,419	216,414	(42,269)	(9,212)
Other Comprehensive Income, net of tax					
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		431,419	216,414	(42,269)	(9,212)
Total comprehensive income attributable to shareholders					
Earnings per share - Basic and diluted (kobo)		0.08	0.04	(0.01)	(0.00)

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

ROYAL EXCHANGE PLC

Statement of Cash Flows

for the period ended 30 JUNE 2014

	Note	30-Jun-14	31-Dec-2013	Company 30-Jun-14	31-Dec-2013
			N'000	N'000	N'000
Cash flows from operating activities					
Profit after taxation		431,419	790,952	(42,269)	281,277
Minimum tax expense			(47,346)		
Tax (credit)/expense		203,021	69,275	-	30,526
Profit before taxation		634,440	812,881	(42,269)	311,803
<i>Adjustments for:</i>					
Depreciation		103,920	152,402	6,339	10,527
Amortisation charge		4,661	13,372	-	1,875
Impairment (writeback)/losses on trades and other receivables		(50,782)	(134,414)		
Interest income		(95,004)	(332,858)		
Dividend income		(26,785)	(65,368)		(297,333)
Interest on loan & advances		(8,345)	(26,260)		
Rental income from investment properties		(26,354)	(61,541)		
Realised gains on financial assets		(33,186)	-		
Foreign exchange gain or loss		155	43,949		
Share of profit of equity accounted investees		-	(12,342)		
Gain on sale of property, plant and equipment		-	(5,812)		
Increase in fair value of financial assets		(10,368)	(1,511,555)		
Net cash flow before changes in working capital		492,352	(1,127,546)	(35,930)	26,872
Changes in working capital:					
Decrease/(Increase) in trade receivables		(404,308)	(3,254)		
(Increase)/decrease in loans and advances		(203,001)	(374,777)		
(Increase)/decrease in advances for lease		23,166	193,917		
(Increase)/decrease in reinsurance assets		232,610	(459,308)		
Decrease/(Increase) in other receivables		(1,710)	(293,492)	(14,142)	(59,982)
Increase in deferred acquisition cost		(40,910)	(252,712)		
Increase in depositors fund		358,514	2,225		
increase in investment contract liability		(355,971)	25,612		
Increase in unearned premium reserves		329,703	2,094,593		
Increase/(decrease) in trade payables		(174,176)	158,646		
Increase in provisions and other payables		(220,321)	525,657	113,595	16,806
Change in employee benefit		(24,220)	187,033		3,686
		11,729	676,593	63,524	(12,618)
Taxes paid		-	(112,323)	-	(35,459)
Net cash from operating activities		11,729	564,270	63,524	(48,077)
Cash flows from investing activities:					
Purchase of treasury bills			-		
Purchases of property and equipment		(152,467)	(388,307)	(8,962)	(6,738)
Proceeds from sale of property and equipment		465	11,015		-
Purchase of intangible assets		(23,923)	(13,041)		-
Investment in Subsidiary				-	297,333
Proceeds from sale of financial assets		446,611	372,864		
Purchase of financial assets		(183,464)	(373,685)		
Interest on loan & advances		8,345	26,260		
Dividend from equity accounted investees			19,382		
Rental income from investment properties		26,354	61,541		
Interest income		95,004	332,858		
Realised gains on financial assets			-		
Dividend income		26,785	65,368		
Proceed on disposal on available for sale investments					
Net cash used in investing activities		243,710	114,256	(8,962)	290,595
Cash flows from financing activities:					
Dividend paid		(80,525)	(205,815)	(80,525)	(205,815)
Payment of finance lease liabilities			-		
Net cash used in financing activities		(80,525)	(205,815)	(80,525)	(205,815)
Net increase/(decrease) in cash and cash equivalents		174,914	472,711	(25,963)	36,703
Cash and cash equivalents at beginning of year		1,810,767	1,338,056	35,594	(1,109)
Cash and cash equivalents at end of year		1,985,681	1,810,767	9,630	35,594

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

ROYAL EXCHANGE PLC

STATEMENT OF CHANGES IN EQUITY

as at 30 JUNE 2014

Group

In thousands of Naira

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Other reserves	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
As at 1 January 2014	2,572,685	2,690,936	947,734	3,096,193	(500,000)	82,103	143,425	(4,210)	221,318	9,028,866	-	9,028,866
As at 1 January 2014	2,572,685	2,690,936	947,734	3,096,193	(500,000)	82,103	143,425	(4,210)	221,318	9,028,866	-	9,028,866
Profit for the year				431,419	-		-		-	431,419		431,419
Other Comprehensive Income:									-	-		-
Reclassification adjustments									-	-		-
Tax Effects on Other Comprehensive Income							-		-	-		-
Total Comprehensive Income	2,572,685	2,690,936	947,734	3,527,613	(500,000)	82,103	143,425	(4,210)	221,318	9,460,286	-	9,460,286
Transactions within Equity:												
Dividend paid				-					-	-		-
Transfer to Contingency Reserve			124,213	(124,213)					-	-		-
Transfer to Regulatory Reserve				-		-			-	-		-
Equity Component of a Compound Instrument									-	-		-
As at 30 June 2014	2,572,685	2,690,936	1,071,947	3,403,400	(500,000)	82,103	143,425	(4,210)	221,318	9,460,286	-	9,460,286

Statement of Changes in Equity

as at 31 December 2013

Group

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Other reserves	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
As at 1 January 2013 (Restated)	2,572,685	2,690,936	722,231	2,803,330	(500,000)		30,836	-	30,836	8,320,018	-	8,320,018
Profit for the year				806,284	-		-		-	806,284	-	806,284
Other Comprehensive Income:									-	-		-
Changes in fair value of AFS Investments								(4,210)	(4,210)	(4,210)	-	(4,210)
Revaluation Surplus on PPE									-	-	-	-
Net Actuarial Gains/Losses							111,523		111,523	111,523	-	111,523
Tax Effects on Other Comprehensive Income							1,066		1,066	1,066	-	1,066
Total Comprehensive Income	2,572,685	2,690,936	722,231	3,609,614	(500,000)	-	143,425	(4,210)	139,215	9,234,681	-	9,234,681
Dividend paid				(205,815)					-	(205,815)		(205,815)
Transfer to Contingency Reserve			225,503	(225,503)					-	-		-
Transfer to Regulatory Reserve				(82,103)		82,103			82,103	-		-
Transfer of portion of Revaluation Reserve to Retained Earnings									-	-		-
Equity Component of a Compound Instrument									-	-		-
Equity Component of a Compound Instrument	-	-	-	-	-	-	-	-	-	-		-
As at 31 December 2013	2,572,685	2,690,936	947,734	3,096,193	(500,000)	82,103	143,425	(4,210)	221,318	9,028,866	-	9,028,866

ROYAL EXCHANGE PLC**STATEMENT OF CHANGES IN EQUITY***as at 30 JUNE 2014***Company***In thousands of Naira*

			Other Component of Equity					
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
As at 1 January 2014	2,572,685	2,690,936	1,677,257	-	561	6,988,986	-	6,988,986
Profit for the year	-	-	(42,269)	-	-	(42,269)	-	(42,269)
Share of gain (loss) on property revaluation of associates/JV	-	-	-	-	-	-	-	-
Net Actuarial Gains/Losses	-	-	-	-	-	-	-	-
Tax Effects on Other Comprehensive Income	-	-	-	-	-	-	-	-
Total Comprehensive Income	2,572,685	2,690,936	1,634,988	-	561	6,946,717	-	6,946,717
Dividend paid	-	-	-	-	-	-	-	-
Equity Component of a Compound Instrument	-	-	-	-	-	-	-	-
As at 30 June 2014	2,572,685	2,690,936	1,634,988	-	561	6,946,717	-	6,946,717

Company*In thousands of Naira*

			Other Component of Equity					
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
As at 1 January 2013	2,572,685	2,690,936	1,601,795	2,167	2,167	6,867,583	-	6,867,583
Profit for the year	-	-	281,277	-	-	281,277	-	281,277
Share of gain (loss) on property revaluation of associates/JV	-	-	-	-	-	-	-	-
Net Actuarial Gains/Losses	-	-	-	-	-	-	-	-
Tax Effects on Other Comprehensive Income	-	-	-	(1,606)	(1,606)	(1,606)	-	(1,606)
Total Comprehensive Income	2,572,685	2,690,936	1,883,072	561	561	7,147,254	-	7,147,254
<i>Transactions within Equity:</i>								
Dividend paid	-	-	(205,815)	-	-	(205,815)	-	(205,815)
Equity Component of a Compound Instrument	-	-	-	-	-	-	-	-
As at 31 December 2013	2,572,685	2,690,936	1,677,257	561	561	6,941,439	-	6,941,439