AG HOMES
SAVINGS & LOANS PLC
RC602252

Annual Report & Accounts 31st December 2012

Our Value Statement

We strive to honour God
and be respectful of each other,
our customers and other stakeholders.

Our Vision Statement

To be the preferred Primary Mortgage Institution
with a commanding presence nation-wide.

Our Mission Statement

To consistently create value to stakeholders
by providing excellent services through
creative and caring employees using innovative
technology applications in a
first class ambience.

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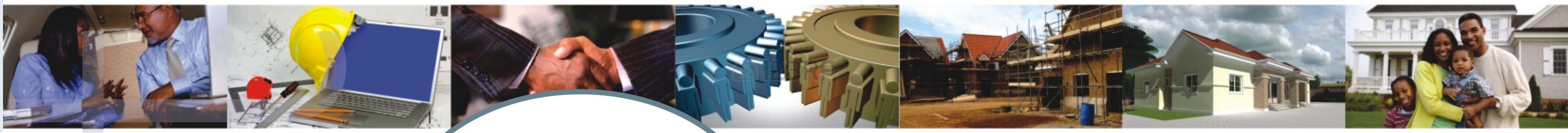

AG HOMES
SAVINGS & LOANS PLC
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CORPORATE INFORMATION

Directors

Rev. Prof. Paul Emeka - Chairman

Mr. Tony Okechukwu Ewelike - Managing Director/CEO

Barr. Patrick Chinweike Abuka - Director

Rev. (Dr.) Vincent Alaje - Director

Barr. Danjuma Suleman -Director *(Appointed on 17 Oct, 2012)*

Ngozi Anyogu - Executive Director/COO

Company Secretary:

Theresa Nkiru Ntong (Mrs.)

Registered Number: RC 602252

Date of Registration: 21 July, 2004

Operating License Number: 000000005

Date Licensed: 31 December, 2004

Registered Office: 96, Opebi Road, Ikeja, Lagos.

Head Office/Opebi Branch:
96 Opebi Road, Ikeja, Lagos.

Auditors:
Baker Tilly Nigeria,
(Chartered Accountants),
Kresta Laurel Complex (4th Floor),
376, Ikorodu Road, Maryland,Lagos.

Correspondent Banks:
United Bank for Africa Plc
Access Bank Plc

...a partner you can trust

AG HOMES SAVINGS & LOANS PLC
RC602252

The Board

Rev. Prof. Paul Emeka
Chairman

Anthony Okechukwu Ewelike
Managing Director/CEO

Ngozi Anyogu
Executive Director/COO

Barr. Danjuma Suleman
Director

Rev. (Dr.) Vincent Alaje
Director

Barr. Patrick Chinweike Abuka
Director

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eight Annual General Meeting of **AG HOMES SAVINGS & LOANS PLC** will hold at Golden Royale Hotel, Enugu, No. 10 Bisalah Road, Independence Layout, Enugu, Enugu State, by 11 a. m. on the 26th day of February 2014 to transact the following business: -

1. ORDINARY BUSINESS

1.1 To receive the Audited Financial Statements for the year ended 31st December 2012, the Reports of the Directors and Auditors thereon and the Audit Committee's Report.
1.2 To elect/re-elect Directors
1.3 To renew the appointment of the independent auditors, Baker Tilly Nigeria, for the 2014 financial year and to authorize the Directors to fix the remuneration of the Auditors.
1.4 To elect members of the Audit Committee for the ensuing financial year.

Dated this 31st day of January, 2014

NOTES

COMPANIES MAY ACT THROUGH REPRESENTATIVES AT THE MEETING.

Companies may, by resolution of their directors or other governing body, authorize such person(s) as they may think fit to act as their representative(s) at the meeting and any person so authorized shall be entitled to exercise the same powers on behalf of the Company as the Company could exercise if it were an individual member of the Company

PROXY

A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his stead. All instruments of proxy should be completed, stamped and deposited at the Head Office of the company, 96, Opebi Road, Ikeja, Lagos, not later than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report.

CLOSURE OF REGISTER

For the purpose of attendance at the meeting, the Register shall close at the end of business on 10th February 2014.

AUDIT COMMITTEE

The Audit Committee of the company consists of 2 shareholders and 2 directors. As stipulated by Section 359(5) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria 2004, any member may nominate a Shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

Theresa Nkiru Ntong (Mrs)
Company Secretary

AG HOMES
SAVINGS & LOANS PLC

CHAIRMAN'S STATEMENT

Fellow Shareholders, invited guests, distinguished ladies and gentlemen, it is my pleasure to welcome you to the 8th ANNUAL GENERAL MEETING of your Bank. I hereby present to you a review of the business and operations of your Bank for the financial year ended December31, 2012.

This report is for nine months (April to December 2012), as against our normal twelve months financial year cycle. This is in response to the regulatory policy of the Central Bank of Nigeria in bringing Other Financial Institutions' year end to align with that of Commercial Banks.

We also proactively adopted for the first time, the International Financial Reporting Standard (IFRS) as against the Nigeria Generally Accepted Accounting Standard (GAAP) in presenting the December 2012 Report

The Implementation of IFRS as a consequence of the Financial Reporting Standard Council Act 2011 is aimed at ensuring credible financial reporting regime and facilitating integration of Nigerian business entities into global financial and capital markets.

Your Bank was one of the first Primary Mortgage Banks to adopt the new standard. This has significantly affected the structure and content requirement in presenting the December 2012 Financial Statements.

RECAPITALIZATION:

The CBN regulation requiring all Primary Mortgage Banks to recapitalize to either =N=2.5billion for state license or =N=5billion for National License was a challenge we committed ourselves to comply with. Having resolved that we needed to operate a national License, the framework for the implementation of that decision was a major thrust of our effort during the financial year.

This policy requirement also came with the opportunity to strengthen the capacity of Mortgage Banks to book long term mortgages. For this purpose, the Nigeria Mortgage Refinancing Company (NMRC) designed to provide refinancing window to Mortgage Banks will soon come on stream. Your Bank has indicated interest to hold shares in the equity base of the company.

THE MORTGAGE SUBSECTOR

The fundamental challenge of the mortgage sector remains paucity of long term funds to support the delivery of mortgages at a respectable tenor and affordable cost to beneficiaries. With the nation's housing deficit at over seventeen million units, the capacity to finance property development and mortgages provide huge opportunities in our industry. It is hoped that when the coordinated intervention by relevant multilateral finance agencies and the government begin to yield fruit, our industry will blossom.

Your Bank continued to receive the support of the Federal Mortgage Bank within the constraints of their resources. It is hoped that the proposal by the Federal Government to recapitalize the Bank (FMBN) will place it in a more vantage position to bolster the mortgage delivery services of your bank.

TECHNOLOGY

Your Bank continued to drive improvements in the quality of our service delivery to our customers by up scaling both our software and hardware information technology architecture during the review period. We migrated to the modernized version of the EazyBank Net during the year.

A wide spectrum of our staff was afforded opportunity to upgrade their skills through various in-house and external courses. This has enhanced their capacity to serve our customers better.

APPRECIATION

My gratitude goes to our shareholders for the supportive ambience which enabled us to make the progress evidenced in this report.

I also want to thank the Board, Management and staff for their dedication and hard work throughout the review period.

Thank you and May God bless you all.

Rev. Prof. Paul Emeka
Chairman of the Board

AG HOMES SAVINGS & LOANS PLC

MANAGING DIRECTOR'S REVIEW

INTRODUCTION

Distinguished Shareholders,

It gives me much pleasure to address you on this 8th Annual General Meeting of your Bank.

The year under review has been game changing for us. Two key policy drivers have changed the dynamics of our operations. These are the adoption of the International Financial Reporting Standard (IFRS) and the recapitalization of Mortgage Banks.

The adoption IFRS imposes far reaching disclosure requirements and accounting treatment as is reflected in the presentation of financials for the accounting year under review.

We continued the improvement on our core area of mortgage financing during the accounting period as shown in the tilt in favour of mortgages in our loan portfolio.

Mortgages

The core of our mortgage business has been in the area of the National Housing Fund (NHF) support. This comes with its challenges. The strict repayment terms impact the bank's cash flow.

During the review period, we got NHF approvals totaling =N=1.576Billion from the Federal Mortgage Bank of Nigeria. The Bank has so far received disbursements in the sum of =N=767million. The properties the Bank supported with mortgage financing during the period are located in Abuja, Enugu and Nsukka.

Financial performance

The challenging mortgage environment during the review period inhibited the attainment of some of our growth targets for the period.

Our total assets increased by 69% during the nine month period from=N=3.6billion to =N=6.2billion This increase takes cognizance of the revaluation reserve of =N=915million in line with IFRS standards.

Our loan portfolio increased by =N=768million representing 54% increase driven largely by growth in mortgage lending.

Investment properties at =N=2.2billion is represented at market value as at the year end. Total deposit showed a decrease from =N=1.8billion to =N=1.6billion compared to the previous year.

Following our build up for recapitalization, deposit for shares increased to =N=1.251billion.

Our total income for the nine month period comprising interest income, fees and commissions as well as other income is =N=513billion as against =N=567.5billion in the previous twelve months. Conversely, Interest expense and other operating expenses amounted to =N=347.5million as at the period under review in contrast to =N=361.7million in the previous twelve months.

Profit for the nine months was =N=97million as against =N=154.9million in the previous accounting year.

Conclusion:

I wish to thank you for your continued patience and support for our bank despite the harsh operating environment.

The Bank is now positioned to achieve higher performance in the years ahead.

Thank you all.

Anthony Okechukwu Ewelike
Managing Director/CEO

RESULTS AT A GLANCE

	12 months Ended 31/3/2012	9 months ended 31/12/2012	% change
Major Profit and Loss Account Items	**N'm**	**N'm**	
Gross Income	513	567	(10)
Interest Expenses	119	123	(3)
Overhead Expenses	244	257	(5)
Profit after Taxation and other comprehensive income	982	98	902
==========	====	====	===
Major Statement of Financial Position Items:			
Mortgage and other Loans and Advances	2,192	1,423	54
Deposits	1,670	1,899	(12)
Share Capital	500	500	-
Shareholders' Fund	1,563	570	174
Total Assets	6,175	3,631	70
========	====	====	
Per N1 share data kk			
(Based on 1 billion ordinary shares)			
Earnings	5	15	
Net Assets	156	57	
Total Assets	618	363	
=========	====	====	
Number of Branches and Cash Centres	5	5	
Number of Employees	56	57	
=========	====	====	

REPORT OF THE DIRECTORS

The Directors hereby submit their report and the financial statements of the Company for the period ended 31 December, 2012.

1. **Result for the Period**

	N'000
Profit after Taxation	52,336
Transfer to statutory reserve	(10,467)
	41,869
Other Comprehensive Income	940,410

Total Comprehensive Income	**982,279**
	========

2. **Legal Form**
The Company was incorporated on 21 July, 2004 as a private liability company limited by shares and commenced operations on 31 January, 2005 as a Primary Mortgage Institution (PMI). It is a member of Mortgage Banking Association of Nigeria (MBAN).

3. **Principal Activities**
The Company is licensed by the Central Bank of Nigeria to carry on mortgage banking business, with license No. 000000005 dated 31 December, 2004.

4. **Branches and Cash Centres**
As at the balance sheet date, the Company had a branch at the Head Office, two (2) other branches at Enugu and Abuja and two (2) Cash Centres at Surulere and Apapa.

5. **Directors' Shareholding**
The interest of the Directors in the issued share capital of the Company is as follows:-

	Number of shares held	
	At 31 December 2012	**At 31 March 2012**
Rev. Prof. Paul Emeka	**10,000,000**	NIL
Mr. Anthony O. Ewelike	**28,000,000**	28,000,000
Mr. Ngozi O. Anyogu	**22,000,000**	22,000,000
Rev. Vicent Alaje	**6,000,000**	NIL
Barr. Patrick C. Abuka	**2,734,000**	2,734,000

6. **Directors**

The names of the current Directors are listed on page 3.

1. Director retiring by rotation:

In accordance with articles 84, 85, 86, 87 and 88 of the Company's Articles of Association, one-third of the directors of the company shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The directors retiring by rotation iare Rev. (Prof.) Paul Emeka and Barr C Buka and being eligible, offer himself for re-election.

2. RECORD OF DIRECTORS' ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, the Record of Directors' attendance at Directors' meetings during the financial year under review is as follows:

Name	No. of Board meetings during the period	No. attended	No. of Committee Meetings	No. attended	No. of shareholders' meetings	No. attended
Rev. Prof. Paul Emeka	4	4	N/A	N/A	1	1
Tony Okechukwu Ewelike	4	4	14	14	1	1
Ngozi Onyemuwa Anyogu	4	4	14	14	1	1
Rev. Vincent Alaje	4	4	12	12	1	1
Barr. Patrick Chinweike Abuka	4	4	14	14	1	1
Barr. Danjuma Suleman	2	2	2	2	1	1

7. **Analysis of Shareholding**

The Ordinary Shares of the Company as at 31 December, 2012 were held as follows: -

	No. of ordinary shares held	Percentage share holding
Assemblies of God Ministers Benefit Scheme	490,000,000	49.0
AG Nigeria	160,000,000	16.0
Others	350,000,000	35.0
	1,000,000,000	**100.00**
	==========	=====

8. **Directors' Responsibility**

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act Cap C20 LFN 2004, the Directors of the Company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that year, and comply with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004. In doing so, they ensure that:-

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- the going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.9.

Corporate Governance

The Board consists of two Executive and four Non-Executive Directors chaired at present by Rev. Paul Emeka. The Board met three times in the period under review. The Board has focus on its responsibilities and has perfected its operational strategies to secure reasonable performance of the company.

Apart from the Board, the Company has the Audit, Credit, IT Steering, and Establishment and General Purpose Committee saddled with the responsibility of advising the Board and giving directives to Management where necessary.

The company has complied, as much as possible, with the Code of Best Practice in Corporate Governance as published by Securities and Exchange Commission.

10. **Property, Plant and Equipment Assets**

Movements in **Property, plant and equipment** are shown in Note 12 on page 38. In the opinion of the Directors, the value of the company's properties is not less than the book value.

11. **Declaration of Fraud and Forgeries**

There were no reported cases of fraud and forgeries during the period under review.

12. **Events After Reporting Date**

A completion board meeting, duly approved by the Securities and Exchange Commission (SEC) was held on 19 March, 2013 as part of the process of raising fresh capital of N1.26 billion by private placement of 2.1 billion units of ordinary shares of 50k each, offered at 60k per share.

13. **Employment and Employees**

(i) ***Employment of Physically Challenged Persons***

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities for self development.

(ii) ***Employees Involvement and Training***

The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees.

Management, professional and technical expertise are the Company's major assets and investment in their further development continues.

The Company's expanding skill base has increased by a range of training programmes provided to its employees whose opportunities for career development within the company have thus been enhanced.

(iii) ***Health, Staff Welfare and Safety at Work***

Health and safety regulations are in force within the company's premises, and employees are aware of safety regulations. The Company provides subsidies to all employees for medical, transportation, housing and lunch. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these include bonuses, salary reviews, promotions, etc.

14. **Auditors**

Messrs Baker Tilly Nigeria (Chartered Accountants) have indicated their willingness to continue as Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed at the Annual General Meeting to authorise the Directors to fix their remuneration.

By order of the Board

Theresa Nkiru Ntong (Mrs)
Company Secretary

REPORT OF THE AUDIT COMMITTEE

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

In compliance with Section 359 sub section 6 of the Companies and Allied Matters Act Cap C20 LFN 2004, we have:

- reviewed the scope and planning of the audit requirements.
- reviewed the External Auditors' management report for the period ended 31 December, 2012 as well as the Management responses thereon.
- ascertained that the accounting and reporting policies of the Company for the period ended 31 December, 2012 are in accordance with legal requirements and agreed ethical practices.

The External Auditors had discharged their duties conscientiously and without fear or favour whilst th management responded with due sense of responsibility and cooperation to the audit points raised.

Dated this 19 March, 2013

Mr. Godwin Mbatu
Chairman Audit Committee

Members of the Audit Committee:
Mr. Godwin Mbatu - Chairman
Engr. Eme Tasie
Mr. Ngozi Anyogu
Barr. Patrick C. Abuka

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

Report on the financial statements

We have audited the accompanying financial statements of AG Homes Savings & Loans Plc, for the period ended 31 December, 2012, set out on pages 11 to 14 which have been prepared on the basis of significant accounting policies on pages 17 to 27 and other explanatory notes on pages 28 to 55.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, Cap C20 LFN, 2004 and Bank and Other Financial Institutions Act Cap B3 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December, 2012 and of its financial performance and cash flows for the period then ended, in compliance with the requirements of the Financial Reporting Council Act, No 6 of 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004, Banks and Other Financial Institutions Act Cap B3 LFN 2004.

Report on other legal requirements

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the Company; and

iii) The Company's balance sheet and profit and loss account are in agreement with the books of account.

(CHARTERED ACCOUNTANTS)
FRC/2013/ICAN/00000002724

Lagos, Nigeria
19 March, 2013

AG HOMES SAVINGS & LOANS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER, 2012

	Note	9 months ended 31 December 2012	12 months ended 31 March 2012
		N'000	**N'000**
Interest income	26	388,496	420,737
Interest expense	27	(118,836)	(122,723)
Net interest income		**269,660**	**298,014**
Fee and commission income	28	37,519	44,890
Fee and commission expense		-	-
Net fee and commission income		**37,519**	**44,890**
Operating income		**307,179**	**342,904**
Operating expense	30	(228,691)	(239,020)
Depreciation and amortization charges	12.1	(15,315)	(17,947)
Impairment charge for credit losses	7.1	(52,365)	(31,306)
Share of loss of associate	9	(917)	(1,578)
Operating profit		9,891	**53,053**
Other income	29	87,255	101,921
Profit for the year		**97,146**	**154,974**
Information Technology Development Levy	18.1	(971)	(1,550)
Tax expense	17	(43,839)	(1,193)
Profit after tax		**52,336**	**152,231**
Transfer to statutory reserve	23	(10,467)	(30,446)
		41,869	121,785
Other comprehensive income:			
Net gain/(loss) on investment securities	8.1	20,132	(25,261)
Revaluation Surplus on Investment Properties	11	874,371	-
Share of revaluation surplus of the associate company	9	45,907	-
		940,410	**(25,261)**
Profit after tax and other comprehensive income for the year		**982,279**	**96,524**
Basic earnings per share	32	5k	15k

The notes on pages 14 to 51 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER, 2012

	Notes	31 December, 2012	31 March, 2012	1 April, 2011
Assets		**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	4	129,306	268,641	386,016
Government Securities	5	23,680	49,993	-
Due from other Banks	6	1,018,520	1,129,171	622,990
Mortgage, Other Loans and Advances	7	2,191,884	1,423,412	677,467
Investment Securities available for sale	8	167,588	121,884	147,145
Investment in Associate	9	70,365	25,375	26,953
Other Assets	10	268,857	155,023	71,028
Investment Properties	11	2,206,493	399,023	377,860
Property, Plant and Equipment	12	92,140	58,699	72,430
Intangible Assets	13	6,218	11	11
Total Assets		**6,175,051**	**3,631,232**	**2,381,900**
Liabilities				
Deposits from Customers	14	1,669,888	1,899,397	1,626,642
Borrowings from FMBN	15	1,484,402	1,001,792	102,820
Employee Benefit	16	3,431	1,610	1,424
Income Tax	17	54,182	29,486	33,210
Deferred Tax Liabilities	17	11,501	6,235	4,943
Other Liabilities	18	137,408	121,219	177,783
Deposits for Shares	19	1,251,437	1,437	
1,437				
Total Liabilities		**4,612,249**	**3,061,176**	**1,948,259**
Capital and Reserves				
Share Capital	20	500,000	500,000	500,000
Share Premium	21	13,210	13,210	13,210
General Reserve	22	21,164	(36,977)	(107,458)
Statutory Reserve	23	63,832	53,365	22,919
Revaluation Reserve	24	915,149	(25,261)	-
Regulatory Credit Risk Reserve	25	49,447	65,719	4,970
Available to Equity Holders of the Bank		**1,562,802**	**570,056**	**433,641**
Total Liabilities and Equity		**6,175,051**	**3,631,232**	**2,381,900**

These financial statements were approved by the Board of Directors of the company on 19 March, 2013 And Signed on its behalf by:

Rev. (Prof.) Paul Emeka
Chairman Board of Directors

Mr. Anthony O. Ewelike
Managing Director/CEO

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH, 2012

	Share Capital	Share Premium	Regulatory Credit Risk Reserve	Revaluation Reserve	Statutory Reserve	General Reserves	Total
Balance as at 1 April 2011	500,000	13,210	4,970	-	22,919	(107,458)	433,641
Profit for the year	-	-	-	-	30,446	121,785	152,231
Transfer	-	-	60,749	-	-	(60,749)	-
Other comprehensive income	-	-	-	(25,261)	-	-	(25,261)
Prior Year Adjustment	-	-	-	-	-	9,445	9,445
Balance as at 31 March 2012	500,000	13,210	65,719	(25,261)	53,365	(36,977)	570,056
Profit for the period	-	-	-	-	10,467	41,869	52,336
Transfer	-	-	(16,272)	-	-	16,272	-
Other Comprehensive income	-	-	-	940,410	-	-	940,410
Balance as at 31 December 2012	500,000	13,210	49,447	915,149	63,832	21,164	1,562,802

The notes on pages 14 to 51 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER, 2012

	Notes	9 months ended 31 December, 2012 N'000	12 months ended 31 March, 2012 N'000
Cash Flow from Operating Activities -			
Interest and Other Incomes	26	512,698	567,169
Interest Payments	27	(118,836)	(122,723)
Cash Payments to Employees and Suppliers		(225,260)	(228,859)
Operating Profit before Changes in Operating **Assets/Liabilities**		**168,602**	**215,587**
Movement in Operating Assets and Liabilities			
Mortgage and Other Loans and Advances		(844,205)	(802,764)
Other Assets		(113,834)	(83,995)
Investment Securities		-	25,261
Customers' Deposits		(229,509)	272,755
Staff Pension		(3,361)	186
Other Liabilities		16,189	(160,934)
Cash used in Operating Activities		**(1,006,118)**	**(533,904)**
Income and Education Taxes Paid		(15,147)	(6,188)
Net Cash used in Operating Activities		**(1,021,265)**	**(540,092)**
Cash Flow from Investing Activities			
Purchase of Investments Properties		(183,099)	(71,156)
Purchase of Fixed Assets and intangible assets		(55,130)	(2,374)
Proceeds from realization of Government Securities		26,313	-
Proceeds from Disposal of Fixed Assets		585	636
Net Cash used in Investing Activities		**(211,331)**	**(72,894)**
Cash Flow from Financing Activities			
Borrowing from FMBN	15	482,610	1,001,792
Deposits for Shares	19	500,000	-
Net cash inflow from financing activities		**982,610**	**1,001,792**
Net (decrease)/increase in cash and cash equivalent		(249,986)	388,806
Cash and Cash Equivalent at beginning		1,397,812	1,009,006
Cash and Cash Equivalent at end		**1,147,826**	**1,397,812**
Cash and Short Term Funds	4	129,306	268,641
Due from Banks and Other Financial Institutions	6	1,018,520	1,129,171
		1,147,826	**1,397,812**

The notes on pages 14 to 51 form part of these financial statements

1. Reporting entity

AG Homes Savings and Loans Plc (the "Bank") is a public liability company incorporated and domiciled in Nigeria. The Bank's registered office is 96, Opebi Road, Ikeja, Lagos. The bank primarily provides mortgage banking services in Nigeria. The financial statements for the period ended 31 December, 2012 were approved for issue by the Board of Directors on 19 March, 2013.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and in compliance with the requirements of the Financial Reporting Council Act No. 6 of 2011. These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 43 on pages 50 to 56.

The financial statements were authorized for issue by the Board of Directors of AG Homes Savings and Loans Plc on 19 March, 2013.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss and investment properties measured at fair value.

(c) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affected.

d) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This listing is of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date. The Bank intends to adopt those standards when they become effective. The Bank expects the adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Bank's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact, the Bank is still assessing the possible impact.

IAS 19 Post employee benefits (Amendment)

The amendments are effective for annual periods beginning on or after 1 January, 2015. These are changes to post employee benefits in that pension surpluses and deficits are to be recognised in full (no more deferral mechanisms) and all actuarial gains and losses recognised in other comprehensive income as they occur with no recycling to profit or loss. Past service costs as a result of plan amendments are to be recognized immediately.

Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January, 2013. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Bank's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Bank is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Bank at the date of adoption, it is not practical to quantify the effect.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Bank will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Bank 1 July, 2013.

Early adoption of standards.

The Bank did not early-adopt any other new or amended standards.

2. **Significant accounting policies**

2.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Nigeria Naira, which is the Bank's functional and presentation currency.

(b) 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. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses recognised in the profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

2.2 Financial assets and liabilities

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics.

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.

All financial assets and liabilities - have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.2.1 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value through profit or loss (fair value option).

(a) 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:

(i) Those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;

(ii) Those that the Bank upon initial recognition designates as available for sale; or

(iii) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to banks or customers. Interest on loans is included in the statement of comprehensive income and is reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of comprehensive income as 'loan impairment charges'.

(c) Held-to-maturity investments

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

i. Those that the Bank upon initial recognition designates as at fair value through profit or loss

ii. Those that the Bank designates available for sale; and

iii. Those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of comprehensive income and reported as 'Interest and similar income'. In the case of impairment, the impairment loss has been reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income. Held-to-maturity investments are Government Securities.

2.2.2 Financial liabilities

The Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

(A) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading and financialliabilities designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are in 'Net interest income'.

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities etc.

2.2.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on the Nigerian Stock Exchange.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

2.2.4 Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay
- The received cash flows is in full without material delay to a third party under a 'pass-through' arrangement; and either;
- the bank has transferred substantially all the risks and rewards of the asset, or
- the bank has neither transferred nor retained substantially all the risks and rewards of the

asset, but has transferred control of the asset.

When the bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank's continuing involvement in the asset. In that case, the bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the bank has retained.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.2.5 Reclassification of financial assets

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

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

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on anet basis or realise the asset and settle the liability simultaneously.

2.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities are recognised on completion of the underlying transaction.

2.6 Dividend income

Dividends are recognised in the statement of comprehensive income in 'Dividend income' when the entity's right to receive payment is established.

2.7 Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group 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 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 group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becomes probable that the borrower will enter financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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.

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 not 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 profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to customers are classified in loan impairment charges.

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 an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with the central bank and amounts due from banks on demand or with an original maturity of three months or less.

2.10 Property and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
- Buildings	2
- Computers	20
- Furniture and Equipment	20
- Motor Vehicle	25
- Office Equipment	20
- Plant and Machinery	20
- Leasehold Improvement	20

The assets' residual values and useful lives are reviewed and prospectively adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as Revaluation surplus in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against Revaluation surplus directly in equity; all other decreases are charged to the profit or loss.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

2.11 Income Tax

(a) Current Income Tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(B) Deferred Income Tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is realised.

Deferred income tax is provided on temporary differences except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the forseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

2.12 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.13 Ordinary Capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

2.14 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions

Into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The company has a defined contribution scheme. The defined contribution scheme is funded by contributions from the company and employees. Funding under the scheme is 7.5% each by staff and the company based on annual basic salary, housing and transport allowances in line with the Pension Reform Act 2004.

Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable. Payments are made to Pension Fund Administration Companies, who are appointed by respective staff of the Bank.

2.15 Investment in Associate

An associate is an entity over which the company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associate are accounted for by the equity method of accounting and are initially recognized at cost.

Intra group gains on transactions between the company and its associate are eliminated to the extent of the company's interest in the associate. Intra group losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.16 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are land and buildings which are not occupied substantially for use in the operations of the Company. They are revalued periodically by external professional valuers.

The professional valuer holds the Financial Reporting Council (FRC) of Nigeria Registration Certificate.

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction

AG Homes Savings & Loans Plc uses its financial skills to provide mortgage banking business to a broad range of customers.

Risk management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of trades.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

3.2 Significant risks

The Company has exposure to significant risks which are categorised as follows:

- Regulatory (capital adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency);
- Liquidity; and
- Concentration.

3.3 Discussion of significant risks

3.3.1 Regulatory risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in industry and preferred bodies, such as The Chartered Institute of Bankers of Nigeria, and the Mortgage Bankers Association of Nigeria. (MBAN) and engages in discussions with policy makers and regulators.

3.3.1.1 Regulatory capital risk

Regulatory capital risk is the risk that the company does not have sufficient capital to meet either minimum regulatory or internal amounts.

Central Bank of Nigeria sets and monitors capital requirements for the Company. The Company is required to maintain a prescribed minimum level of risk adjusted capital of N100,000,000 calculated in accordance with such requirements as the Central Bank of Nigeria may from time to time prescribe.

The company's objectives in managing capital are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide an adequate return to the shareholder commensurately with the level of risk.

	2012	2011
	N	N
Regulatory minimum capital requirement	100,000,000	100,000,000
Actual qualifying capital	1,562,802,000	570,056,000
	-----------------	-----------------
Actual capital ratio (times)	**16**	**6**
	-----------------	-----------------

The Central Bank has increased the minimum capital requirement of Primary Mortgage Institutions (PMIs) to N2.5billion for PMIs operating at state level and N5billion for nationwide operational licence with effect from April 2013. The bank has commenced the process of raising additional capital by way of offer of Private Placement of 2,100,000,000 ordinary shares of 50 kobo each at N0.60. The completion board meeting of the Private Placement held on 19 March, 2013.
There is a balance of N1,251,437,000 on the deposit for shares account, which is not part of the actual qualifying capital stated above.

3.3.1.2 Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 December 2012, the directors are not aware of any significant obligation not provided for.

3.3.1.3 Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

Transactional risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and re-organisations.

Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Compliance risk
The risk associated with meeting the company's statutory obligations.

Financial accounting risk
The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning. In managing the company's taxation risk, the company's tax policy is as follows:
The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products/services, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

3.4.1.4 Accounting risk
Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.
Accounting risk can arise from the failure of management to:
- Maintain proper books and records, accounting systems and to have proper accounting policies;
- Establish proper internal controls system;
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully disclose all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

3.5.1 Business environment

3.5.1.1 Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, customers, staff, business partners or the general public.

3.5.1.2 Strategic risk

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

3.5.2 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

3.5.3 Market risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

Asset liability matching risk

Asset liability mismatches and market risks are assessed by means of a number of stress tests each designed to examine a different component of market and mismatch risk.

Liquidity requirements and cash resources are reviewed on a monthly basis by the asset liability matching and capital management committees.

The company's assets are relatively liquid with placement, listed equities and cash being easily realisable.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk, market price risk and currency risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest rate and market price risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Equity price risk
Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Investments in all equities are valued at fair value and are therefore susceptible to market fluctuations.

3.5.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.
Key areas where the company is exposed to credit risk are:

Certain classes of financial assets such as loan and advances, government securities, term deposits and cash and cash equivalents

Financial assets
Various debt instruments are entered into by the company in order to invest surplus shareholder funds. The company is exposed to the issuer's credit standing on these instruments. Exposure to

outside financial institutions concerning financial instruments is monitored in accordance with parameters which have been approved by the company's Audit Committee and the company's board as mandated by the board of AG Homes Savings & Loans Plc.

Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

AG Homes Savings & Loans Plc is a registered financial service company and is required to hold minimum liquid capital. Central Bank of Nigeria is the regulatory authority that regularly reviews compliance with these minimum capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Cash Equivalent	31 December,2012	31 March, 2012
N'000		
Cash	25,651	34,569
Balances with Banks & Other Financial Institutions	103,655	234,072
	129,306	**268,641**
5. Government Securities		
Treasury bills: - Held to maturity	**23,680**	**49,993**
6. Due from other banks		
Placement with Banks	**1,018,520**	**1,129,171**
7. Mortgage, Other Loans and Advances		
Loans and Advances	2,328,472	1,484,117
Provision for impairment	(136,588)	(60,705)
	2,191,884	**1,423,412**
7.1 **Provision for Impairment**		
As at January	31,306	-
Additions for the period	52,365	31,306
As at December	83,671	31,306
Interest in suspense	52,917	29,399
	136,588	**60,705**
7.2 **Analysis by Security**		
Secured against real estate	1,388,289	936,811
Otherwise secured	680,849	547,306
Unsecured	259,334	-
	2,328,472	**1,484,117**

7.3 **Analysis by Type:**	**31 December, 2012 N000**	**31 March, 2012 N000**
Mortgage loans	1,388,289	936,811
Other advances	940,183	547,306
	2,328,472	**1,484,117**
7.4 **Analysis by Maturity**		
Under 1 month	-	-
3 to 6 months	607,801	166,297
6 to 12 months	423,916	81,320
Over 12 months	1,296,755	1,236,500
	2,328,472	**1,484,117**
7.5**Analysis by performance**		
Performing	1,805,626	1,224,179
Watchlist	176,370	-
Substandard	234,567	169,178
Doubtful	44,590	45,787
Lost	67,319	44,973
	2,328,472	**1,484,117**
3. Investment Securities- available for sale		
Equity securities: Listed	**167,588**	**121,884**
8.1 Movement in investment securities		
At beginning of period	147,455	147,455
Adjustments to fair value	20,133	(25,571)
As end of period	**167,588**	**121,884**
8.2 Provision for diminution		
At beginning of period	25,571	310
Released/charged during the year	(25,571)	25,261
At end of period	**-**	**25,571**

3. Investments in Associate Company

	31 December 2012	31 March 2011
At beginning of period	25,375	26,953
Share of loss of associate	(917)	(1,578)
Share of revaluation surplus of the associate	45,907	-
At end of period	**70,365**	**25,375**

The company holds 30% interest in Evangel Properties Limited, a property development company based in Lagos. On conversion to IFRS reporting framework, AG Homes accounted for this investment using equity method as stipulated by International Accounting Standard (IAS) 28 Investment in Associate.

4. Other Assets

	31 December 2012	31 March 2011
Accrued interest receivable	24,456	47,695
Other prepayments	17,089	15,927
Inter branch account system	1,023	737
Head office inter branch	130,449	68,635
NHF repayments	14,221	11,956
Bank Charges	7,089	-
Interest receivables- mortgage loans	64,976	-
Share offer expenses (10.1)	4,025	-
Other investments	5,529	5,529
Dividend receivable	-	4,544
	268,857	**155,023**

10.1 The balance on the share offer expenses is in respect of expenses incurred on the proposed private placement of the Bank. The expenses will be charged upon the completion of the private placement.

11. Investment Properties

	31 December 2012	31 March 2011
At 1st April	399,023	377,860
Additions	933,099	52,446
Disposal	-	(31,283)
Revaluation surplus	874,371	-
	2,206,493	**399,023**

NOTES TO THE FINANCIAL STATEMENTS

Included in the additions to investment properties during the year are two properties valued at N750,000,000 which were transferred to the company by Assemblies of God Ministers' Benefit Scheme. As at 31 December, 2012, the transfer had been done and Messrs. Monday Ubani & Co instructed to register the executed deed of assignment.

AG Homes elects to state investment properties at fair value.

Investment properties were revalued by Messrs Godwin Iteghete & Co. Estate Surveyors and Values as follows:

	Location	Cost	Date of Valuation	Market Value	Revaluation Surplus
		N		N	N
1	River view Estate Isheri North Lagos	114,758,101	29-Jun-12	200,000,000	85,241,898
2	Plot 14 & 15 Extension, Trans Ekulu Pocket Layout Enugu North LGA, Enugu State.	58,471,300	29-Jun-12	350,000,000	291,528,700
3	Ogbeke Ibagwa Estate Enugu East LGA, Enugu State	16,196,250	29-Jun-12	150,000,000	133,803,750
4	Plot of Land at Ajiran Lekki, Eti-Osa LGA, Lagos State.	83,292,170	29-Jun-12	324,000,000	240,707,830
5	Evangel Estate Ofada, Papalanto Road	237,694,508	23- Oct-12	329,000,000	91,305,492
6	Evangel Estate Ikorodu	10,216,664	29-Jun-12	42,000,000	31,783,336
7	Admiralty Way Lekki	200,000,000	√	200,000,000	-
8	96, Opebi Road Lagos	550,000,000	√	550,000,000	-
9	Satellite Properties	15,000,000	√	15,000,000	-
10	CBN Properties Lagos	27,930,827	17-Sept-12	27,930,827	-
11	FHA Lugbe Abuja	6,500,000		6,500,000	-
12	Ajao Estate	12,062,100	19-Sept-12	12,062,100	-
	Total	**1,332,121,920**		**2,206,492,927**	**874,371,007**

12. Property, Plant and Equipment

	Leasehold Improvement	Land and Buildings	Plant and Machinery	Office Equipment and Computers	Furniture and Fittings	Motor Vehicles	Total
Cost/Valuation	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1/4/2011	25,784	31,322	13,962	17,609	37,160	54,016	179,853
Additions	728	-		488	1,158	-	2,374
Adjustments/Disposal	-	-	(17)	-	-	(3,114)	(3,131)
At 31/3/2012	**26,512**	**31,322**	**13,945**	**18,097**	**38,318**	**50,902**	**179,096**
Additions	6,450	11,724	-	3,848	4,540	22,010	48,572
Adjustments/Disposal	-	-	-	(410)	(57)	(2,534)	(3,001)
At 31/12/2012	**32,962**	**43,046**	**13,945**	**21,535**	**42,801**	**70,378**	**224,667**
Accumulated Depreciation							
At 1/4/2011	15,420	2,159	11,617	11,631	28,060	33,566	102,453
Charge for the year	5,404	627	1245	1,928	3,543	5,200	17,947
Disposal	-	-		-	-	-	-
At 31/3/2012	**20,824**	**2,786**	**12,862**	**13,559**	**31,603**	**38,766**	**120,400**
Charge for the period	2,846	489	899	1,656	3,213	5,862	14,964
Disposal	-	-	-	(247)	(57)	(2,534)	(2,838)
At 31/12/2012	**23,670**	**3,275**	**13,761**	**14,968**	**34,759**	**42,094**	**132,527**
Net Book Value:							
At 1 April, 2011	**10,364**	**29,163**	**2,345**	**5,978**	**9,100**	**15,480**	**72,430**
At 31 March, 2012	**5,688**	**28,536**	**1,083**	**4,538**	**6,715**	**12,136**	**58,699**
At 31 December, 2012	**9,292**	**39,771**	**184**	**6,567**	**8,042**	**28,284**	**92,140**

12.1 Depreciation and amortisation charges

	31 December, 2012 ₦000	31 March, 2012 ₦000
Depreciation	14,964	17,947
Amortisation	351	-
	15,315	17,947

13. Intangible Assets-Purchased computer software

	31 December, 2012 ₦000	31 March, 2012 ₦000
Cost		
At beginning of period	5,250	5,250
Addition	6,558	-
At end of the period	**11,808**	**5,250**
Amortization		
At beginning of period	5,239	5,239
Charged for the period	351	-
At end of the period	**5,590**	**5,239**
Net book value	**6,218**	**11**

14. Customers' Deposits

	31 December, 2012 ₦000	31 March, 2012 ₦000
Analysis by Category		
Current	607,801	326,838
Savings	297,504	482,573
Time	764,583	1,089,986
	1,669,888	**1,899,397**
Analysis by Maturity		
Under 1 month	905,305	809,411
1 - 3 Months	-	-
3 - 6 Months	-	-
6 - 12 Months	764,583	1,089,986
Over 12 Months	-	-
	1,669,888	**1,899,397**

NOTES TO THE FINANCIAL STATEMENTS

	31 December, 2012 N000	31 March, 2012 N000
15. Borrowings from FMBN		
At beginning of period	1,001,792	102,820
Additions	535,130	898,972
Repayments	(52,520)	-
	1,484,402	**1,001,792**

Amount represents long term loan secured from the Federal Mortgage Bank of Nigeria (FMBN) for onward disbursement to customers under the National Housing Scheme.

	31 December, 2012 N000	31 March, 2012 N000
16. Employees Benefits		
Movement in the defined contribution liability recognised in the balance sheet:		
At start of period	1,610	1,424
Charge to income statement	5,182	5,688
Contributions remitted	(3,361)	(5,502)
At end of period	**3,431**	**1,610**
17. Taxation (17.1)	**43,839**	**1,193**

	31 December, 2012 N000	31 March, 2012 N000
17.1 Current Taxation		
Income tax charge	37,062	2,053
Education tax	2,781	411
	39,843	2,464
Deferred tax	3,996	(1,271)
Charge for the year	**43,839**	**1,193**

17.2 The tax charged on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate. This is explained as follows: -

	31 December, 2012	31 March, 2012
	₦000	₦000
Profit before tax	97,146	159,974
	======	======
Tax calculated at the statutory rate of 32%	31,087	51,192
Tax effect of:		
Disallowable expenses	13,403	-
Capital allowances	(4,647)	-
Unlisted losses	-	(48,728)
Tax expense	**39,843**	**2,464**
	========	========
Effective tax rate	**41%**	**1.54%**
	========	========

17.3 Statement of Financial Position

	31 December, 2012	31 March, 2012
Balance brought forward	29,486	33,210
Basedon the profit the period	39,843	2,464
Paid during the year	(15,147)	(6,188)
	------------	-----------
	54,182	**29,486**
	=======	=======

17.4 Deferred Tax Liabilities

	31 December, 2012	31 March, 2012
	₦000	₦000
Balance brought forward	6,235	4,943
Charged during the year	3,996	-
Previous adjustment	1,270	1,292
	-----------	-----------
	11,501	**6,235**
	======	========

NOTES TO THE FINANCIAL STATEMENTS

	31 December, 2012 ₦000	31 March, 2012 ₦000
18. Other Liabilities		
Accounts payable	27,308	22,539
Interest accrued	12,520	11,787
Unidentified deposit	7,915	6,856
Provision for infrastructures	19,822	-
Deposit from Head office	5,000	-
Provision for rent	1,500	
Deposit for real estate	39,029	58,270
Statutory deductions	12,312	13,710
Information Technology Levy(18.1)	4,020	3,049
Cash overage	8	8
Others	7,974	5,000
	137,408	**121,219**

18.1 Information Technology Levy

At start of the period	3,049	1,499
Additions	971	1,550
	4,020	3,049

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(2a) of the Act stipulates that specified companies contribute 1% of profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the, company has provided for the NITDA levy at the specified rate.

19. Deposit for shares

At start of period	1,437	1,437
Additional deposit	1,250,000	-
At end of period	**1,251,437**	**1,437**

During the period 2 buildings (Admiralty Way, Lekki and 96, Opebi Road, Lagos) and cash of ₦500million were deposited by Assemblies of God Benefit Scheme for shares of the company. The buildings now form part of the company's investment properties.

20. Authorized Share Capital	**31 December, 2012 ₦'000**	**31 March, 2012 ₦'000**
10,000,000,000 Ordinary Shares of 50k each	**5,000,000**	**5,000,000**

	31 December, 2012	31 March, 2012
Issued and fully paid	**N000**	**N000**
1,000,000,000 Ordinary Shares of 50k each	**500,000**	**500,000**
	=======	========

21. Share Premium

As at 31 December	**13,210**	**13,210**
	========	========

22. General Reserve

At beginning of period	(36,977)	(107,458)
Prior year adjustment (22.1)	-	9,445
Transfer from statement of comprehensive income	41,869	121,785
Transfer from regulatory risk reserve	16,272	(60,749)
	-----------	------------
At end of period	**21,164**	**(36,977)**
	=======	========

23. Statutory Reserve

At start of period	53,365	22,919
Additions during the year	10,467	30,446
	------------	----------
At end of period	**63,832**	**53,365**
	=======	======

Transfer to statutory reserve is made at 20% of profit after tax in line with prudential Guidelines issued by The Central Bank of Nigeria (CBN).

24. Revaluation reserve

Brought forward	(25,261)	-
Fair value adjustment on investment securities	20,132	(25,261)
Revaluation surplus on investment properties	874,371	-
Share of associate revaluation surplus	45,907	
	-------------	-------------
	915,149	**(25,261)**
	========	========

25. Regulatory Credit Risk Reserve

Balance brought forward	65,719	4,970
Movement	(16,272)	60,749
	-------------	--------------
	49,447	**65,719**
	=========	=========

NOTES TO THE FINANCIAL STATEMENTS

	31 December, 2012 N000	31 March, 2012 N000
26. Gross Income		
Interest Income	388,496	420,737
Other incomes	124,774	146,811
Gross earnings	**513,270**	**567,548**
Interest on staff loan	(150)	(379)
Profit on disposal of fixed assets	(422)	-
Per cash flow statement	**512,698**	**567,169**

26.1 Interest and Similar Income

	31 December, 2012 N000	31 March, 2012 N000
Analysis by Nature:		
Interest on term loans and overdrafts	230,684	230,922
Interest on mortgage loans	21,128	45,265
Interest on placements	136,534	144,171
Interest on staff loan	150	379
	388,496	**420,737**

26.2 Analysis by Source:

	31 December, 2012 N000	31 March, 2012 N000
Interest income mortgage sources	251,812	45,265
Interest income non mortgage sources	136,534	375,093
Interest income staff loan	150	379
	388,496	**420,737**

27. Interest Expenses

	31 December, 2012 N000	31 March, 2012 N000
Savings accounts	6,504	7,902
Deposit accounts	66,433	114,174
Others	45,899	647
	118,836	**122,723**

NOTES TO THE FINANCIAL STATEMENTS

27.1 Analysis by Sources	**N000**	**N000**
Interest expenses mortgage sources	40,309	2,518
Interest expenses non-mortgage sources	78,527	120,205
	118,836	**122,723**

28. Other Income -Net Fees and Commissions

Commissions	9,438	13,156
Fees	28,081	31,734
Net Fees & Commission Income	**37,519**	**44,890**

28.1 Analysis by sources

Credit related commission	9,438	13,156
Commission on turnover	22,699	25,555
Non credit related commission	5,382	6,179
	37,519	**44,890**

29. Other Operating Income

Profit on Disposal of assets	422	630
Commission	1,534	2,495
Income on Real Estate Investment	85,299	98,436
Rental income	-	360
	87,255	**101,921**

30. Operating Expenses

Staff cost	91,151	105,527
Subscription	1,587	1,932
Travelling	13,874	13,751
Motor Vehicle Operating and Maintenance	6,691	11,805
Repairs and Maintenance of Equipment	6,294	9,153
Bank Charges	-	7,469
Other Professional Fees	7,529	2,219
Security Expenses	2,966	5,810
Insurance	1,993	2,777
Postage Telephone & Telex	3,291	3,953
Advertisement & Business Promotion	9,008	7,213
Staff Training	5,037	3,813
Audit Fee	5,000	3,000
Entertainment	3,959	2,304

WHT/VAT	8,432	-
Printing & Stationery	2,906	2,272
Newspaper & Periodicals	43	101
Water & Electricity	8,817	2,821
Hotel & Accommodation	9,508	7,186
Office Expenses	23,602	21,428
NDIC Premium	8,166	9,304
Medical	125	103
Rent	8,667	13,014
Penalty	45	2,065
	228,691	**239,020**

30.1 Staff Costs

	31 December, 2012 N000	31 March, 2012 N000
Staff costs (including directors) comprise:		
Wages and Salaries	88,410	99,460
Defined Contribution pension cost	2,591	5,688
Interest on staff loan	150	379
	91,151	**105,527**

31. Directors' emoluments

Fees	825	6,843
Sitting Allowance	4,844	3,342
Other emoluments	22,213	17,118
	27,882	**27,303**
Chairman	**1,025**	**1,070**
Highest paid director	**12,107**	**17,118**

The number of Directors excluding the Chairman whose emoluments were within the following Ranges were

	31 December, 2012 Number	31 March, 2012 Number
500,000 - 1,000,000	1	-
1,000,001 - 1,200,000	-	1
1,200,001 - 1,400,000	1	1
3,000,000 - 500,000,000	1	1
11,900,001- 32,000,000	2	2
	-----	-----
	5	**5**
	-----	-----

Employees Remuneration at higher rates and staff costs
The number of employees in receipt of emoluments excluding allowances and pension within the following Ranges were:

Below 60,000	-	-
60,001 - 120,000	-	-
120,001 - 200,000	2	2
200,001 - 250,000	4	4
250,001 - 300,000	3	3
300,001 - 400,000	3	3
400,001 - 500,000	9	9
500,001 - 750,000	17	18
750,001 - 1,000,000	3	3
1,000,001 - 1,150,000	3	3
1,150,001 and above	12	12
	-------	------
	56	**57**
	====	====

The average number of persons employed during the year was as follows

Managerial	15	15
Senior	16	16
Junior	25	26
	------	-------
	56	**57**
	====	====

32. Earnings Per Share

Net profit attributable to shareholders (N'000)	52,336	152,231
Number of ordinary share in issue as at year end (thousands)	1,000,000	1,000,000
Time weighted average number of ordinary shares in issue (thousands)	1,000,000	1,000,000
Basic Earnings Per Share (kobo)	5	15

33. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, eligible treasury bills, operating account balances with other banks, amount due from other banks and short-term government securities

	December, 2012	March, 2012
	N000	N000
Cash and balances with other banks	129,306	268,641
Eligible treasury bills	23,680	-
Other banks	1,018,520	1,129,171
	-------------	-------------
	1,171,506	**1,397,812**
	=======	========

34. Guarantees and Other Financial Commitments

The Directors are of the opinion that there are no known commitments and liabilities which are relevant in assessing the state of affairs of the company during the period under review.

35. Contravention

The company did not contravene any aspects of the Central Bank of Nigeria rules, regulations and guidelines during the period and no penalty was paid.

36.E vents after Reporting Date

The completion board meeting for the proposed offer by way of Private Placement of 2,100,000,000 ordinary shares of 50kobo each at 60k held on 19 March, 2013. The proceeds of the proposed offer are expected to be used for expansion of branch network, increase in working capital and enhancement of ICT infrastructure.

37. Contingent Liabilities

The Directors are of the opinion that there are no known contingent liabilities as at the end of the period.

38. Related Party Transactions

The company has related party transactions where one or more of its directors are also directors of company whose facilities were outstanding at year end.

39. Foreign Currency Transactions

The company has no transaction denominated in foreign currency within the reporting period.

40. First Time Adoption Of International Financial Reporting Standards

IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was April 1, 2011 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is 31 December, 2012.

Therefore, the financial statements for the period ended 31 December, 2012, the comparative information presented in these financial statements for the year ended 31 March, 2012 and the opening IFRS statement of financial position at 1 April, 2011 are prepared in accordance with IFRS effective at the reporting date. However, IFRS also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Reconciliation of Equity and Comprehensive Income

In preparing these financial statements, management has amended certain accounting policies previously applied in the pre-changeover Nigerian GAAP financial statements to comply with IFRS. The following reconciliations and explanatory notes provide a description of the effect of the transition from pre-change over Nigerian GAAP to IFRS on shareholders fund, net income and comprehensive income:

The transition to IFRS had no impact on total operating or financing activities on the statement of cash flows.

In preparing its opening IFRS statement of financial position, the company has adjusted amounts reported previously in the financial statements prepared in accordance with Nigerian GAAP. An explanation of how the transition from previous Nigerian GAAP has affected the company's financial position, financial performance and cash flows is set out in the following notes:

NOTES TO THE FINANCIAL STATEMENTS

RECONCILIATION OF EQUITY AS AT 31 MARCH, 2012

	Notes	Nigerian GAAP	Effect of transition to IFRS	IFRS
Assets		**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	(i)	34,569	234,072	268,641
Treasury Bills	(ii)	-	49,993	49,993
Placements with Banks	(iii)	1,363,243	(234,072)	1,129,171
Mortgage, Other Loans & Advances	(iv)	1,351,959	71,453	1,423,412
Investment Securities	(v)	-	121,884	121,884
Investments in Associate	(vi)	-	25,375	25,375
Other Assets		155,023		155,023
Investment Properties	(vii)	600,900	(201,877)	399,023
Property, Plant and Equipment		58,699	-	58,699
Intangible assets		11	-	11
Total Assets		**3,564,404**	**66,828**	**3,631,232**
Liabilities				
Deposits from Customers		1,899,397	-	1,899,397
Borrowings from FMBN		1,001,792	-	1,001,792
Employee Benefit	(viii)	0	1,610	1,610
Income Tax		29,486	-	29,486
Deferred Tax Liabilities		6,235	-	6,235
Other Liabilities	(ix)	122,716	(1,497)	121,219
Deposits for Shares	(x)	-	1,437	1,437
Total Liabilities		**3,059,626**	**1,550**	**3,061,176**
Net Assets		**504,778**	**65,278**	**570,056**
Capital and Reserves				
Share Capital		500,000	-	500,000
Share Premium		13,210	-	13,210
General Reserve	(xi)	(31,351)	(5,626)	(36,977)
Statutory Reserve		22,919	30,446	53,365
Revaluation Reserve		-	(25,261)	(25,261)
Regulatory Credit Risk Reserve	(xii)	-	65,719	65,719
Available to Equity Holders of the Bank		**504,778**	**65,278**	**570,056**

NOTES TO THE FINANCIAL STATEMENTS

RECONCILIATION OF PROFIT FOR YEAR ENDED 31 MARCH, 2012

	Notes	Nigerian GAAP N'000	Effect of Transition to IFRS N'000	IFRS N'000
Interest and Similar Income	(xiii)	420,358	379	420,737
Interest and Similar Expense		(122,723)	-	(122,723)
Net Interest Income		**297,635**	**379**	**298,014**
Fee and Commission Income	(xv)	-	44,890	44,890
Fee and Commission Expenses		-	-	-
Net Fee and Commission Income		**-**	**44,890**	**44,890**
Operating Income		**297,635**	**45,269**	**342,904**
Operating Expenses	(xvi)	(238,641)	105,148	(133,493)
Staff Expenses		-	(105,527)	(105,527)
Depreciation		(17,947)	-	(17,947)
Impairment Charge For Credit Losses	(xiv)	(40,629)	9,323	(31,306)
Share of profit/(loss) of associate	(xvii)	-	(1,578)	(1,578)
Operating Profit		**418**	**52,635**	**53,053**
Other Operating Income		146,811	(44,890)	101,921
Profit Before Tax		**147,229**	**7,745**	**154,974**
Information Technology Development Levy		-	(1,550)	`(1,550)
Income Tax Expense		(1,193)	-	(1,193)
Total Profit For The Period		**146,036**	**6,195**	152,231
Transfer to statutory reserve	(xviii)	-	(30,446)	(30,446)
		146,036	(24,251)	121,785
Other comprehensive income:				
Net Gains/ (Losses) on available for sale financial assets		(25,261)	-	(25,261)
		120,775	**(24,251)**	**96,524**

NOTES TO THE FINANCIAL STATEMENTS

RECONCILIATION OF EQUITY AS AT 1 APRIL, 2011

	Notes	Nigerian GAAP N'000	Effect of transition to IFRS N'000	IFRS N'000
Assets				
Cash and Cash Equivalent	(i)	29,007	357,009	386,016
Government securities	(ii)	-	-	-
Due from other Banks	(iii)	979,999	(357,009)	622,990
Loans & Advances	(iv)	615,337	62,130	677,467
Investment Securities	(v)		147,145	147,145
Investment in Associate	(vi)		26,953	26,953
Other Assets		71,028		71,028
Investment Properties	(vii)	555,005	(177,145)	377,860
Property and Equipment		72,430		72,430
Intangible assets		11	-	11
`				
Total Assets		**2,322,817**	**59,083**	**2,381,900**
Liabilities				
Deposits from Customers		1,626,642		1,626,642
Borrowing from FMBN		-	102,820	102,820
Employee Benefit	(viii)	-	1,424	1,424
Income Tax		33,210		33,210
Deferred Tax Liabilities		4,943		4,943
Other Liabilities	(ix)	283,464	(105,681)	177,783
Deposit for shares	(x)	-	1,437	1,437
Total Liabilities		**1,948,259**	**-**	**1,948,259**
Total Assets Less Total Liabilities		**374,558**	**59,083**	**433,641**
Capital and Reserves				
Share Capital		500,000		500,000
Share Premium		13,210		13,210
General Reserve	(xi)	(161,571)	54,113	(107,458)
Statutory Reserve		22,919	-	22,919
Revaluation Reserve		-	-	-
Regulatory Credit Risk Reserve	(xii)	-	4,970	4,970
Total Equity		**374,558**	**59,083**	**433,641**

Explanations for the adjustments are as follows:

i) Cash and Cash Equivalent

The company's balances in its current accounts were grouped with the short term placements. Under IFRS, such balances are termed cash and cash equivalent because they are held primarily to meet the company's short term cash needs rather than for investment purposes. An amount of N357million and N234million have been reclassified to cash and cash equivalent for years ended 31 March, 2011 and 2012 respectively.

(ii) Treasury Bills

The bank treasury bills balance of N49,993,000 was separately disclosed which was hitherto grouped with Investments.

(iii) Placements with Banks

The account head was reduced by the bank balances included in it under the Nigerian GAAP as explained in (i) above.

(iv) Mortgage, Other Loans and Advances

Upon transition AG Homes changed the basis for determining impairment allowance from the Prudential Guidelines to IFRS. This resulted in increase in the loans balance by N62.1million and 71.4 million for the years ended 31 March, 2011 and 2012.

(v) Investment Securities

Under pre-changeover Nigerian GAAP the Company classified all investments as either short or long term investments. The Company changed this classification on the transition to IFRS as follows;

Investments in quoted equity in an active market are classified as financial assets available for sale. The appreciation in fair value of N20.13 million has been recorded in statement of other comprehensive income for the period ended 31 December, 2012 and decrease of N25.26 million had been recognised for the year ended 31 March, 2012.

(vi) Investment in Associate

Under the Nigerian GAAP investment in associate is carried at cost while IFRS requires such investment to be accounted for using equity method. Therefore, on transition to IFRS the result of the associate company has been reflected which reduced the profit of AG Homes Saving and Loans Plc by N1.58million and N3.04million for the year ended 31 March, 2011 and 2012 respectively.

(vii) Investment Properties

Under the NGAAP AG Homes grouped all its long term investment together, thus, on conversion to IFRS N201.88 million and N117.14 million for 31st March 2012 and 1st April 2011 respectively have to be transferred to investment securities, investment in associate, treasury bills.

(viii) Employee Benefit

The staff pension contributions not yet remitted is accounted for as other liabilities under the Nigerian GAAP. IFRS requires separate disclosure of the amount. Therefore N1.42 million and N1.61million have been reflected on the statement of financial position as at 31 March, 2011 and 2012 respectively.

(Ix) Other Liabilities

Reclassifications were made as follows:

	N'000
Employee benefits	3,431
Deposit for shares	1,251,437
Borrowing from the Federal Mortgage Bank of Nigeria	1,484,402

(x) Deposit for Shares

This account head was disclosed as a separate line on the statement of financial position under IFRS financial reporting framework. N1.43 million was moved from other liabilities to this account head.

(xi) General Reserves

On conversion to IFRS the general reserves determined under NGAAP was adjusted for the company's share of the loss made by its associate company and the loan loss provision made under prudential guidelines.

(xii) Regulatory Credit Risk Reserves

The Central Bank of Nigeria (CBN) Guidelines on IFRS conversion requires that differences between loan loss provisions determined under the Prudential Guideline and IFRS be treated in the Regulatory Credit Risk Reserve. Consequently, N4.97 million and N65.72 million was moved from General reserve to the Regulatory Credit Risk Reserve in the financial statement for the year ended 1 April, 2011 and 31 March, 2012 respectively.

(xiii) Interest and Similar Income

This relates to the fair valuation of staff loans granted at concessionary rate.

(xiv) Impairment Charge for credit losses

The loan loss provision recognised in the Statement of Comprehensive income is the loss computed based on IFRS provision, which is lower than the prudential guideline provision used under the Nigerian GAAP. This difference has been taken to the Regulatory credit risk reserve which is a non distributable reserve.

(xv) Fee and Commission Income

On conversion to IFRS, AG Homes separate income from fees and commission from other operating income thus, N41 million was moved from other operating income to fees and commission income head in statement of profit or loss and other comprehensive income for the year ended 31st March 2012 respectively .

(xvi) Operating Expenses

Under the NGAAP operating expenses are reported as a single line in the profit or loss account. Staff cost has now been separated and disclosed as a line item on the statement of financial position.

(xvii) Share of Profit/(Loss) of the Associate

Accounting for associate company under IFRS requires the incorporation of the profit or loss made by the associate in the investee's books. Thus, the share of loss of the associate company was reflected in the financial statements for the year ended 31 March 2012.

AG HOMES SAVINGS & LOANS PLC

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER, 2012

	December 2012 N'000	%	March 2012 N'000	%
Gross earnings	513,270		567,169	
Other Comprehensive income	940,410		(25,261)	
Interest expenses	(118,836)		(122,723)	
	1,334,844		419,185	
Overhead and payment for other services	(201,289)	-----	(195,173)	
Value added	**1,133,555**	**100**	**224,012**	**100**
	=======	===	======	===
Applied as follows:				
In payments to employees:				
Salaries and benefits	91,151	8	105,527	47
In payment to Government				
Current taxation	39,843	4	2,464	1
ITDF	971	-	1,550	1
Retained for future maintenance of Assets and expansion of business:				
Deferred taxation	3,996	-	(1,271)	-
Depreciation and amortisation	15,315	1	17,947	8
Profit retained for the year	982,279	87	96,524	43
Value added	1,133,555	**100**	**224,012**	**100**
	========	====	======	===

FIVE-YEAR FINANCIAL SUMMARY

IFRS Assets	IFRS 31 December 2012 N'000	IFRS 31 March 2012 N'000	NGAAP 31 March 2011 N'000	NGAAP 31 March 2010 N'000	NGAAP 31 March 2009 N'000	NGAAP 31 March 2008 N'000
Cash and Short Term Funds	129,306	268,641	386,016	1,182,547	1,451,102	2,248,596
Government securities	23,680	49,993	-	-	-	-
Due from other Banks	1,018,520	1,129,171	622,990	-	-	-
Loans and Advances	2,191,884	1,423,412	677,467	406,371	537,094	484,975
Investments	167,588	121,884	147,145	586,355	480,481	293,567
Investment in Associate	70,365	25,375	26,953	-	-	-
Other Assets	268,857	155,023	71,028	59,217	261,613	59,803
Investment properties	2,206,493	399,023	377,860	-	-	-
Property and equipment	92,140	58,699	72,430	83,267	145,118	146,839
Intangible assets	6,218	11	11	-	-	-
	6,175,051	3,631,232	2,381,900	2,317,757	2,875,408	3,233,780
	========	=======	=======	=======	=======	=======
Liabilities						
Deposit and other accounts	1,669,888	1,899,397	1,626,642	1,455,908	1,817,605	2,304,783
Borrowings from FMBN	1,484,402	1,001,792	102,820	-	-	-
Employee benefit	3,431	1,610	1,424	-	-	-
Income tax	54,182	29,486	33,210	41,218	40,896	49,943
Deferred tax liabilities	11,501	6,235	4,943	5,925	7,506	6,383
Other liabilities	137,408	121,219	177,783	459,125	381,753	249,225
Deposit for shares	1,251,437	1,437	1,437	-	1,524	1,524
	4,612,249	3,061,176	1,948,259	1,962,176	2,249,284	2,611,858
	--------------	------------	------------	------------	------------	------------
Capital and reserves						
Share capital	500,000	500,000	500,000	500,000	500,000	500,000
Share premium	13,210	13,210	13,210	13,210	13,210	13,210
General reserves	21,164	(36,977)	(107,458)	(180,548)	89,995	86,633
Statutory reserves	63,832	53,365	22,919	22,919	22,919	22,079
Revaluation reserve	915,149	(25,261)	-	-	-	-
Regulatory credit risk reserve	49,447	65,719	4,970	-	-	-
Shareholders' fund	1,562,802	570,056	433,641	355,581	626,124	621,922
	------------	-----------	------------	----------	----------	-----------
	6,175,051	3,631,232	2,381,900	2,317,757	2,875,408	3,233,780
	=======	========	=======	=======	=======	=======
Profit and loss account						
Gross earnings	513,270	567,548	396,908	432,597	393,239	413,739
Net interest margin	269,660	298,014	173,001	173,812	161,081	150,551
Profit/(loss) before exception item and taxation	97,146	154,974	18,888	(86,963)	9,542	130,184
Exceptional item	-	-	-	(182,839)	-	-
Taxation	(43,839)	(1,193)	(1,332)	(741)	(5,340)	(42,961)
Transfer to statutory reserve	(10,467)	(30,446)	-	-	-	-
Other comprehensive income	940,410	(25,261)	-	-	-	-
Profit/(loss) after taxation	982,279	96,524	17,556	(270,543)	4,202	85,921
	=======	======	=======	=======	======	=======
Per share information						
Basic earnings / (loss) per share (kobo)	5k	15k	1.8k	(27.05k)	0.42k	9k
	====	=====	=====	======	=====	=====
Net asset per share (kobo)	156k	57k	43k	36k	63k	62k
	=====	=====	====	====	=====	====

Basic earnings/(loss) per share is calculated based on profit/(loss) after tax and the number of issued shares at the end of each financial year. Net asset per share is based on the number of issued shares at the end of each financial year.

PROXY FORM

AG HOMES
SAVINGS & LOANS PLC

**ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M.
ON WEDNESDAY, THE 26TH DAY OF FEBRUARY 2014 AT GOLDEN ROYALE HOTEL, ENUGU,
NO. 10 BISALAH ROAD, INDEPENDENCE LAYOUT, ENUGU, ENUGU STATE.**

I/WE ____

(Name of shareholder in block letters)

Being a member/members of the above named company, hereby appoint

____________________________________ or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the 8th Annual General Meeting of the company to be held on 26th February, 2014 and at any adjourned date thereof.

Dated this _____ day of ___________ 2014

Shareholder's Signature ______________________

	The manner in which the proxy is to vote should be indicated by inserting "X" in the appropriate		
	Number of Shares		
	RESOLUTIONS	FOR	AGAINST
1	To receive the Accounts and the Reports thereon	....	....
2	To elect as Directors	....	....
3	To fix the remuneration of the Auditors	....	....
4	To elect members of the Audit Committee	....	....
	Please indicate with an "X" how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, your proxy will vote or abstain from voting at his discretion.		

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Please sign this proxy form and forward it so as to reach the office of the Secretary, 96 Opebi Road, Ikeja, Lagos, not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the proxy form should be duly executed by the appointor.

It is a requirement of the law under the Stamp Duties Act CAP C20, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties.

The proxy must produce the Admission Card below to obtain entrance to the meeting.

AG HOMES SAVINGS & LOANS PLC

8TH ANNUAL GENERAL MEETING

ADMISSION CARD

Please admit the shareholder named on this card or his duly appointed proxy to the 8th Annual General Meeting of the Company to be held on 26th February, at Golden Royale Hotel, Enugu
No. 10 Bisalah Road, Independence Layout, Enugu
.

This admission card must be presented
By the shareholder in order to obtain entrance
to the Annual General Meeting

____
Name of Shareholder

____
Name of Proxy

____
Number of shares held

____
Signature