

Consolidated Discounts Limited and Subsidiary Company

**Group Financial Statements --31 May 2009
Together with Directors' and Auditor's Reports**

Directors' Report

For the year ended 31 May 2009

The directors present their annual report on the affairs of Consolidated Discounts Limited (“the Company”) and its subsidiary (“the Group), together with the group and separate financial statements and auditor’s report for the year ended 31 May 2009.

Principal activity and business review

The principal activity of the Company continues to be trading in, holding and provision of discount and rediscount facilities for Federal Government of Nigeria securities, commercial bills and other eligible financial instruments, as prescribed by the Central Bank of Nigeria.

The Company recorded a 6% increase in profit before tax when compared to the previous year. The directors expect the level of activities to continue to improve in future years.

The Company has a subsidiary, CDL Assets Management Company Limited which was incorporated for the purpose of carrying on business as issuing house, acceptance house, portfolio managers and investment advisors. In addition, Consolidated Discounts Limited incorporated two subsidiaries, CDL Capital Market Limited on 10 May 2007 to carry on the business of stock brokering and asset management and CDL Properties Limited on 28 July 2008 to carry on the business of property investment and development for the purpose of resale. CDL Capital Market Limited and CDL Properties Limited are yet to commence business and their results have not been consolidated into the group financial statements.

Operating results

The following is a summary of the Group’s and Company’s operating results and transfers to reserves:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N’000	N’000	N’000	N’000
Gross earnings	25,256,626	24,523,593	21,425,150	18,694,245
Profit before taxation	3,707,975	3,710,276	3,654,816	3,464,350
Taxation	(691,670)	(637,337)	(669,843)	(539,544)
Profit after taxation	3,016,305	3,072,939	2,984,973	2,924,806
Non-controlling interest	(3,133)	(14,761)	-	-
Profit attributable to the group	3,013,172	3,058,178	2,984,973	2,924,806
Transfer to statutory reserve	(447,746)	(438,721)	(447,746)	(438,721)
Transfer to general reserve	2,565,426	2,619,457	2,537,227	2,486,085
Earnings per employee	44,311	48,543	55,277	66,473
Earnings per share – basic	101k	122k	99k	117k

Directors and their interest

The Directors who served during the year are shown below:

Mr. Bartholomew B. Ebong	-	Chairman representing Union Bank Plc
Mr. Steve O. Akinretoye	-	Managing Director
Mr. Aigboje Aig-Imoukhuede	-	Representing Access Bank Plc
Mr. Sebastian Adigwe	-	Representing Afribank Nigeria Plc
Alhaji Jibrin Isah	-	Representing Afribank Nigeria Plc
Mr. Kehinde Durosinmi-Etti	-	Representing Skye Bank Plc
Alhaji Garba A. Yakasai	-	Representing Williams Street Trustees Limited
Mr. Ado Abdullahi (appointed on 31/10/07)	-	Representing Union Bank Plc

Substantial interest in shares

Other than the under-listed members, no individual shareholders held more than 10% of the issued share capital of the Company as at 31 May 2009:

Shareholders	% shareholding
Union Bank of Nig. Ltd	37.50
Afribank Nig. Plc	24.50
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	62.00
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Acquisition of own shares

The Company did not acquire any of its own shares during the year ended 31 May, 2009.

Statement of Directors' responsibilities in relation to the financial statements for the year ended 31 May 2009

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for shareholders, the responsibilities of the Directors with respect to the financial statements.

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act of Nigeria, 1990 and Sections 24 and 28 of the Banks and Other Financial Institutions Act of Nigeria 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position of the Group and the Company and of the financial performance for the financial year.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;

- (b) the Group keeps accounting records which disclose with reasonable accuracy its financial position and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act of Nigeria, 1990 and Banks and Banks and Other Financial Institutions Act of Nigeria, 1991;
- (c) the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company and its subsidiary will not continue in business.

Fixed assets

Information relating to changes in tangible fixed assets is disclosed in Note 8 to the financial statements.

Donations and charitable gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to ₦1,700,000 (2008: ₦1,090,000) during the year:

	₦
Lufaloy School	100,000
Teribeta School	100,000
St Peters Church	75,000
Kanu Heart Foundation	250,000
Annual swimming sponsorship	250,000
The Catholic Church of Transfiguration	100,000
College of Medicine, University of Lagos	125,000
Fountain of Hope Society	250,000
Innovative International School	200,000
Ore-ofe Society	250,000
	<hr/>
	1,700,000
	<hr/> <hr/>

In compliance with Section 38(2) of Companies and Allied Matters Act of Nigeria, the Group did not make any donations or gift to any political party, political association or for any political purpose during the year.

Employment of disabled persons

The Group applies a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 May 2009, the Group had no disabled persons in its employment.

Health, safety and welfare at work

Employees are adequately insured against occupational hazards. In addition, medical facilities are provided to employees and their immediate families at the Group's expense.

Employee involvement and training

The Group places considerable value on the involvement of its employees in its affairs and has continued the practice of keeping them informed on matters affecting their well being. In line with this, formal and informal channels of communication are employed in keeping staff abreast of factors affecting the performance of the Group.

The Group provides training for its employees as and when needed.

Auditors

The Auditors, Messrs KPMG Professional Services, have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria, 1990.

38/39 Marina
Lagos, Nigeria

BY ORDER OF THE BOARD,

5 August 2009

L. Claud- Ennin (Mrs)
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of **Consolidated Discounts Limited**:

Report on the Financial Statements

We have audited the accompanying financial statements of **Consolidated Discounts Limited** (“the Company”) and its subsidiary company (together “the Group”), which comprise the balance sheets as at 31 May 2009, the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies and notes to the financial statements and the five and four year financial summaries for the Company and Group respectively, as set out on pages 7 to 41.

Directors' Responsibility for the Financial Statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the state of the financial position of Consolidated Discounts Limited (“the Company”) and its subsidiary (together “the Group”) as at 31 May, 2009 and of the Group and Company’s financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria , the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

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

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company’s balance sheet and profit and loss account are in agreement with the books of accounts.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

The Company contravened the provisions of Sections 20(2)(f) of the Banks and Other Financial Institutions Act of Nigeria during the year ended 31 May 2009. Details of this contravention are stated in Note 28 to the financial statements.

12 August 2009
Lagos, Nigeria

Statement of Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current and preceding years, is set out below:

(a) **Basis of accounting**

These financial statements have been prepared under the historical cost convention except as indicated in the notes to the financial statements.

(b) **Basis of consolidation**

i. *Subsidiaries*

The Group financial statements comprise the financial statements of the Company and its subsidiary, CDL Asset Management Limited. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the Company's financial statements from the date that control commences until the date that control ceases.

ii. *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealized gains or losses arising from intra-group transactions are eliminated in preparing the group financial statements.

iii. *Investment in subsidiaries*

Investment in the subsidiaries is stated in the Company's separate financial statements at cost. Allowance is made for any permanent diminution in the value of investments in subsidiaries.

(c) **Cash and bank balances**

Cash and bank balances principally comprise cash balances on hand, cash deposited with the Central Bank of Nigeria and cash deposited with other banks in Nigeria.

(d) **Trading securities**

Trading securities comprise FGN tradable bonds. Transactions in trading securities are recorded on a settlement date basis.

Trading bonds are carried at market value. Any gain or loss arising from movements in market values of the portfolio is transferred to a revaluation reserve account; unless a net cumulative loss has been incurred, in which case the net loss is charged to the profit and loss account in the period it first arises. Any subsequent net gain is credited to the profit and loss account to the extent of losses previously charged.

(e) **Marketable securities**

Marketable securities comprise treasury bills and commercial bills. Treasury and commercial bills are stated at face value net of unearned income. Unearned income is deferred and amortized as earned. Allowance is made on commercial bills in line with the CBN Prudential Guidelines (see (f) below)

(f) **Allowance for risk assets**

Commercial bills are stated net of allowance for those that are considered doubtful of recovery. The allowance is determined by a specific assessment of each issuer's account in accordance with the Central Bank of Nigeria's (CBN) Prudential Guidelines as described below;

<u>Period principal or interest has been outstanding</u>	<u>Classification</u>	<u>% Allowance</u>
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

An allowance of a minimum of 1% is made for all commercial bills classified as performing to recognize potential inherent losses in line with the Prudential Guidelines.

Bad debts are written off when the extent of the loss has been determined. Recoveries are written back to the profit and loss account when received.

(g) **Investments**

Short-term investments comprise debt securities maturing within one year of the balance sheet date. Short-term investments are stated at the lower of cost and net realizable value.

Long-term investments comprise debt and equity securities maturing after one year of the balance sheet date. Long-term investments are stated at cost. Allowances are made for any permanent diminution in the value of such investments.

(h) **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write-off the cost of each asset over its estimated useful life as follows:

Furniture and fittings	20%
Office equipment	20%
Motor vehicles	25%
Computer equipment	33 1/3%

Capital work in progress which represents fixed assets under construction is not depreciated. Upon completion, the cost attributable to each asset is transferred to the relevant asset category.

Gains or losses on disposal of fixed assets are included in the profit and loss account.

(i) **Income recognition**

Interest on placements, trading securities and fixed interest securities is accounted for on an accrual basis. Commissions and fees charged for services rendered are recognised at the time the service or transaction is provided or effected.

Securities trading income relates to gains or losses arising from the purchase and sale of securities and is recognised on realisation.

(j) **Discount expense**

Discount expense on takings is accounted for on an accrual basis.

(k) **Taxation**

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

(l) **Deferred taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred tax is provided fully on timing differences, which are expected to reverse in the foreseeable future at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) **Foreign currency items**

Transactions denominated in foreign currencies are translated to Naira at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates, subsequent to the dates of the transactions is included in the profit and loss account.

(n) **Retirement benefits**

The Group operates three types of retirement benefit schemes:

Pension scheme

The Group operates a defined contribution pension scheme. Membership of the scheme is automatic in line with the Pensions Reform Act. Employees' and the Group's contributions to the scheme are 7.5% and 22.5% respectively of each employee's annual basic salary, transport and housing allowances. Contributions to the scheme are funded through payroll deductions while the Group's contribution is charged to the profit and loss account.

Insurance scheme

The Group operates a defined contribution insurance scheme which is administered by an insurance company. Employees are entitled to join the scheme on confirmation of their employment. Employee and Company contributions to the scheme are 5% and 12.5% respectively of the employee's annual basic salary, transport and housing allowance. Contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit and loss account.

Gratuity scheme

The Group also operates a non-contributory defined benefit gratuity scheme. Employees are entitled to join the scheme after completing five full years of service. Employees' terminal benefits are calculated at 40% of basic salary, housing, furniture, transport and lunch allowances for each service year. Lump sum benefits payable on retirement or resignation of employment are accrued over the service lives of employees. The past service cost arising as a result of the introduction of the gratuity scheme or pay rises are charged over five years in accordance with Statement of Accounting Standards No 8 on Accounting for Employees retirement benefits.

(o) **Assets on repurchase agreement**

The Company enters into purchases (sale) of securities under agreements to resell (repurchase) substantially identical securities at certain dates into the future at fixed prices. Securities purchased subject to commitments to resell at future dates are accounted for as repurchase transactions.

Securities sold under repurchase agreements continue to be recognized in the balance sheet and proceeds from the sale of such securities are reported as liabilities to customers. Differences between sale and purchase considerations are recognized on an accrual basis over the period of the transactions.

(p) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(q) **Dividend**

Dividends comprise dividends paid, proposed and/or declared. Dividend declared is recognized in the financial statements in the period when they are declared.

(r) **Segment reporting**

The Group defines a segment as a distinct or distinguishable unit of the Group that is engaged in providing financial products or services subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The Group currently operates in one geographical segment, which is Nigeria and, as such, does not have a secondary segment reporting format.

(s) **Earnings per share**

The Group presents ordinary basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for bonus shares issued.

Balance Sheets

As at 31 May 2009

	<u>Note</u>	<u>Group 2009</u> N'000	<u>Group 2008</u> N'000	<u>Company 2009</u> N'000	<u>Company 2008</u> N'000
ASSETS:					
Cash and bank balances	1	431,622	2,846,400	371,958	2,817,009
Trading securities	2	34,215,539	9,953,616	34,135,688	9,799,320
Assets on repurchase agreement	3	-	1,951,927	-	1,951,927
Marketable securities	4	50,686,268	89,226,445	45,811,999	86,659,626
Short-term investments	5	3,034,436	4,182,383	3,034,436	4,182,383
Other assets	6	1,596,369	1,883,186	753,585	1,208,999
Deferred taxation	13(a)	798,147	346,295	798,147	346,295
Long-term investments	7	10,704,941	11,188,182	10,884,941	11,368,182
Fixed assets	8	954,224	208,750	918,378	155,235
TOTAL ASSETS		<u>102,421,546</u>	<u>121,787,184</u>	<u>96,709,132</u>	<u>118,488,976</u>
LIABILITIES:					
Secured placements	9	88,318,914	109,106,922	82,921,182	106,168,124
Liabilities against repurchase agreement	3	-	1,960,000	-	1,960,000
Other liabilities	10	1,087,163	1,211,010	1,011,211	1,100,828
Taxation payable	12(a)	1,585,736	1,039,667	1,549,776	964,900
Gratuity provisions	11	425,630	228,764	425,630	228,764
Deferred taxation	13(b)	6,157	9,180	-	-
Dividend payable	14	-	-	-	-
TOTAL LIABILITIES		<u>91,423,600</u>	<u>113,555,543</u>	<u>85,907,799</u>	<u>110,422,616</u>
NET ASSETS		<u>10,997,946</u>	<u>8,231,641</u>	<u>10,801,333</u>	<u>8,066,360</u>
CAPITAL AND RESERVES:					
Share capital	15	3,000,000	2,500,000	3,000,000	2,500,000
Statutory reserve	16	1,883,824	1,436,078	1,883,824	1,436,078
Reserve for bonus issue	17	500,000	500,000	500,000	500,000
General reserve	18	5,576,461	3,761,035	5,417,509	3,630,282
Revaluation reserve	19	-	-	-	-
SHAREHOLDERS' FUNDS		<u>10,960,285</u>	<u>8,197,113</u>	<u>10,801,333</u>	<u>8,066,360</u>
Non-controlling interest	20	37,661	34,528	-	-
		<u>10,997,946</u>	<u>8,231,641</u>	<u>10,801,333</u>	<u>8,066,360</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

K. DUROSINMI-ETTI _____)
 _____) Directors
 S. O. AKINRETOYE _____)

Approved by Board of Directors on 5 August 2009.

The accompanying accounting policies on page 7 to 11 and notes on page 15 to 37 form an integral part of these financial statements.

Profit and Loss Accounts

For the year ended 31 May 2009

	<u>Note</u>	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
GROSS EARNINGS		25,256,626	24,532,593	21,425,150	18,694,245
SECURITIES TRADING AND DISCOUNT					
INCOME	21	25,242,481	24,489,554	21,425,150	18,694,245
DISCOUNT EXPENSE		(18,018,840)	(18,557,097)	(14,364,331)	(13,248,385)
NET TRADING INCOME		7,223,641	5,932,457	7,060,819	5,445,860
Other income		14,145	43,039	-	-
Allowance for risk and other assets	22(a)	(1,274,317)	(591,157)	(1,399,660)	(473,669)
NET EARNINGS		5,963,469	5,384,339	5,661,159	4,972,191
Operating expenses	22(b)	(2,255,494)	(1,674,063)	(2,006,343)	(1,507,841)
PROFIT BEFORE TAXATION	22(a)	3,707,975	3,710,276	3,654,816	3,464,350
Taxation	12	(691,670)	(637,337)	(669,843)	(539,544)
PROFIT AFTER TAXATION		3,016,305	3,072,939	2,984,973	2,924,806
Non-controlling interest	20	(3,133)	(14,761)	-	-
PROFIT ATTRIBUTABLE TO THE GROUP		3,013,172	3,058,178	2,984,973	2,924,806
APPROPRIATIONS					
Transfer to statutory reserve	16	(447,746)	(438,721)	(447,746)	(438,721)
Transfer to general reserve	18	(2,565,426)	(2,619,457)	(2,537,227)	(2,486,085)
		-	-	-	-
Earnings per share – Basic	23	100k	122k	99k	117k
– Adjusted	23	100k	102k	99k	97k

The board of directors has proposed a dividend of 10k per share on the issued share capital of 3,000,000,000 ordinary shares of N1 each, subject to the approval of the shareholders at the next annual general meeting.

The accompanying accounting policies on page 7 to 11 and notes on page 15 to 37 form an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 May 2009

	<u>Note</u>	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Operating activities:					
Net cash flows from trading activities					
before changes in operating assets	24	5,644,495	4,790,105	5,581,487	4,395,491
Changes in operating assets	25	(6,850,234)	1,461,573	(6,886,272)	1,737,474
Income tax paid	12	(600,476)	(506,600)	(536,819)	(440,793)
Gratuity paid	11	-	(17,831)	-	(17,831)
Net cash flow from operating activities		<u>(1,806,215)</u>	<u>5,727,247</u>	<u>(1,841,604)</u>	<u>5,674,341</u>
Investing activities:					
Purchase of long-term investments	7(f)	(2,558,469)	(9,555,304)	(2,558,469)	(9,555,304)
Proceeds from disposal of long-term investments	7(f)	3,041,710	6,727,787	3,041,710	6,727,787
Purchase of fixed assets	8	(841,804)	(123,888)	(836,688)	(97,507)
Net cash flows from investing activities		<u>(358,563)</u>	<u>(2,951,405)</u>	<u>(353,447)</u>	<u>(2,925,024)</u>
Financing activities:					
Dividend paid	14	(250,000)	(200,000)	(250,000)	(200,000)
Net cash flows from financing activities		<u>(250,000)</u>	<u>(200,000)</u>	<u>(250,000)</u>	<u>(200,000)</u>
Net increase/(decrease) in cash and bank balances		(2,414,778)	2,575,842	(2,445,051)	2,549,317
Cash and bank balances, beginning of the year		2,846,400	270,558	2,817,009	267,692
Cash and bank balances, end of year		<u>431,622</u>	<u>2,846,400</u>	<u>371,958</u>	<u>2,817,009</u>

The accompanying accounting policies and notes form an integral part of these statements of cash flows.

Notes to the Financial Statement

For the year ended 31 May 2009

1. Cash and bank balances

Cash and bank balances comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Cash in hand	35	35	20	20
Balances held with banks in Nigeria	431,587	2,846,365	371,938	2,816,989
	<u>431,622</u>	<u>2,846,400</u>	<u>371,958</u>	<u>2,817,009</u>

2. Trading securities

Trading securities comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
3 rd FGN Bond 2009 Series 11 (12.50%)	808,493	1,893,791	808,493	1,893,791
3 rd FGN Bond 2009 Series 12 (12.00%)	909,173	215,592	909,173	215,592
3 rd FGN Bond 2011 Series 13 (12.99%)	1,705,552	341,686	1,705,552	341,686
3 rd FGN Bond 2013 Series 10 (16.00%)	2,005,260	-	2,005,260	-
3 rd FGN Bond 2013 Series 15 (10.98%)	500,902	-	500,902	-
4 th FGN Bond 2010 Series 1 (10.75%)	5,410,662	-	5,410,662	-
4 th FGN Bond 2010 Series 4 (9.00%)	1,703,748	605,250	1,703,748	605,250
4 th FGN Bond 2010 Series 12 (10.75%)	1,101,668	-	1,101,668	-
4 th FGN Bond 2012 Series 10 (9.50%)	1,001,822	101,142	1,001,822	101,142
4 th FGN Bond 2012 Series 5 (9.23%)	100,177	402,049	100,177	402,049
4 th FGN Bond 2014 Series 3 (10.75%)	801,590	104,247	801,590	104,247
4 th FGN Bond 2014 Series 6 (9.20%)	-	1,261,718	-	1,261,718
4 th FGN Bond 2014 Series 11(9.25%)	-	247,959	-	247,959
4 th FGN Bond Series 14 (8.99%)	-	155,215	-	155,215
4 th FGN Bond 2017 Series 9 (9.35%)	-	1,159,901	-	1,159,901
5 th FGN Bond 2013 Series 1 (9.45%)	7,112,479	3,572,914	7,112,479	3,572,914
5 th FGN Bond 2011 Series 3 (10.50%)	601,237	-	601,237	-
5 th FGN Bond 2013 Series 4 (10.50%)	1,501,726	-	1,501,726	-
5 th FGN Bond 2018 Series 2 (10.70%)	1,804,016	-	1,804,016	-
6 th FGN Bond 2012 Series 1 (9.92%)	3,105,191	-	3,105,191	-
6 th FGN Bond 2012 Series 2 (10.50%)	1,001,726	-	1,001,726	-
6 th FGN Bond 2018 Series 2 (10.70%)	3,005,818	-	3,005,818	-
	<u>34,181,240</u>	<u>10,061,464</u>	<u>34,181,240</u>	<u>10,061,464</u>

Trading securities (cont'd)

Investments in securities of quoted companies

	192,258	171,761	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	34,373,498	10,233,225	34,181,240	10,061,464
Revaluation loss	(157,959)	(279,609)	(45,552)	(262,144)
	<hr/>	<hr/>	<hr/>	<hr/>
	34,215,539	9,953,616	34,135,688	9,799,320
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. (a) Assets/liabilities under repurchase agreements

Assets on repurchase agreements represent the value of trading securities sold to counterparties where the Company has a commitment or option to buy the securities back at later dates. The recognition of repurchase agreements “on balance sheet” is a requirement of SAS 15. Amounts received as proceeds from sales are recorded as liabilities in the financial statements.

(b) Assets on repurchase agreements:

Assets on repurchase agreements comprise:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Treasury bills	-	1,960,000	-	1,960,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,960,000	-	1,960,000
Unearned discount income	-	(8,073)	-	(8,073)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,951,927	-	1,951,927
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Marketable securities

(a) Marketable securities comprise:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
i. Treasury bills	27,609,269	36,826,880	27,609,269	36,826,880
Treasury bills on forward resale agreement	-	38,600,000	-	38,600,000
Commercial bills	26,141,272	15,876,694	21,217,768	13,110,860
	<u>53,750,541</u>	<u>91,303,574</u>	<u>48,827,037</u>	<u>88,537,740</u>
Less:				
Unearned income	(563,543)	(749,571)	(563,543)	(731,048)
	<u>53,186,998</u>	<u>90,554,003</u>	<u>48,263,494</u>	<u>87,806,692</u>
	<u><u>53,186,998</u></u>	<u><u>90,554,003</u></u>	<u><u>48,263,494</u></u>	<u><u>87,806,692</u></u>
ii Allowance for commercial bills (see note (b) below)				
- Specific	(116,100)	(238,122)	(116,100)	(116,100)
- General	(2,368,662)	(1,070,082)	(2,319,427)	(1,014,998)
- Interest in suspense	(15,968)	(19,354)	(15,968)	(15,968)
	<u>(2,500,730)</u>	<u>(1,327,558)</u>	<u>(2,451,495)</u>	<u>(1,147,066)</u>
	<u><u>50,686,268</u></u>	<u><u>89,226,445</u></u>	<u><u>45,811,999</u></u>	<u><u>86,659,626</u></u>
	<u><u>50,686,268</u></u>	<u><u>89,226,445</u></u>	<u><u>45,811,999</u></u>	<u><u>86,659,626</u></u>

(b) The movement on allowance for commercial bills is as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
i Specific allowance:				
Balance, beginning of year	238,122	366,100	116,100	366,100
Additions during the year	-	122,022	-	-
Allowance no longer required	(122,022)	(250,000)	-	(250,000)
	<u>116,100</u>	<u>238,122</u>	<u>116,100</u>	<u>116,100</u>
	<u><u>116,100</u></u>	<u><u>238,122</u></u>	<u><u>116,100</u></u>	<u><u>116,100</u></u>

Consolidated Discounts Limited and subsidiary company
Group and Separate Financial Statements --31 May 2009
Together with Directors' and Auditor's Reports

ii	General allowance:				
	Balance, beginning of year	1,070,082	156,009	1,014,998	95,530
	Allowance during the year	1,304,429	919,468	1,304,429	919,468
	Allowance no longer required	(5,849)	(5,395)	-	-
		<u>2,368,662</u>	<u>1,070,082</u>	<u>2,319,427</u>	<u>1,014,998</u>
	Balance, end of year	<u><u>2,368,662</u></u>	<u><u>1,070,082</u></u>	<u><u>2,319,427</u></u>	<u><u>1,014,998</u></u>

(c) The movement on interest in suspense account is as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Interest in suspense:				
Balance, beginning of year	19,354	83,970	15,968	83,970
Allowance during the year		3,386	-	-
Interest in suspense released	(3,386)	(68,002)	-	(68,002)
	<u>15,968</u>	<u>19,354</u>	<u>15,968</u>	<u>15,968</u>
Balance, end of year	<u><u>15,968</u></u>	<u><u>19,354</u></u>	<u><u>15,968</u></u>	<u><u>15,968</u></u>

(d) The classification of commercial bills by performance is as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Performing	26,009,204	15,741,240	21,085,700	12,978,792
Non performing				
- Lost	116,100	116,100	116,100	116,100
- Interest in suspense	15,968	19,354	15,968	15,968
	<u>26,141,272</u>	<u>15,876,694</u>	<u>21,217,768</u>	<u>13,110,860</u>
	<u><u>26,141,272</u></u>	<u><u>15,876,694</u></u>	<u><u>21,217,768</u></u>	<u><u>13,110,860</u></u>

5. Short-term investments

(a) Short-term investments comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
FGN pensioners bond	450,093	-	450,093	-
2 nd FGN Bonds 2008 Series 1 (11.50%)	-	699,790	-	699,790
2 nd FGN Bond 2008 Series 5 (12.50%)	-	2,000	-	2,000
2 nd FGN Bond 2008 Series 7 (17%)	-	3,230,593	-	3,230,593
3 rd FGN Bond 2009 Series 4 (12.50%)	-	250,000	-	250,000
3 rd FGN Bond 2009 Series 12 (12.00%)	450,000	-	450,000	-
4 th FGN Bond 2010 Series 1 (10.75%)	734,343	-	734,343	-
4 th FGN Bond 2010 Series 4 (9.00%)	1,400,000	-	1,400,000	-
	<u>3,034,436</u>	<u>4,182,383</u>	<u>3,034,436</u>	<u>4,182,383</u>

6. Other assets

(a) Other assets comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Interest receivable	594,099	1,256,213	427,593	1,017,333
Prepayments	244,415	128,888	196,741	87,332
Staff loans	167,223	148,628	146,981	91,172
Other receivables	41,040	25,519	41,040	20,000
Fixed asset related expenses	43,299	-	43,299	-
Advance payment	616,820	333,320	-	-
	<u>1,706,896</u>	<u>1,892,568</u>	<u>855,654</u>	<u>1,215,837</u>
Allowance for doubtful balances	(110,527)	(9,382)	(102,069)	(6,838)
	<u>1,596,369</u>	<u>1,883,186</u>	<u>753,585</u>	<u>1,208,999</u>

(b) The movement in allowance for other assets is as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	9,382	2,308	6,838	625
Allowance made during the year	101,145	7,074	95,231	6,213
	<u>110,527</u>	<u>9,382</u>	<u>102,069</u>	<u>6,838</u>

7. Long-term investments

(a) Long-term investments comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Quoted bonds				
3rd FGN Bond 2009 Series 12 (12.00%)	-	450,000	-	450,000
3rd FGN Bond 2011 Series 3 (14.50%)	884,661	412,403	884,661	412,403
3rd FGN Bond 2011 Series 13 (12.99%)	300,000	300,000	300,000	300,000
3rd FGN Bond 2013 series 14 (12.74%)	308,769	210,757	308,769	210,757
3rd FGN Bond 2013 Series 15 (10.98%)	500,000	500,000	500,000	500,000
3rd FGN Bond 2013 series 16 (11.99%)	59,005	59,005	59,005	59,005
4th FGN Bond 2010 Series 7 (7.95%)	300,000	300,000	300,000	300,000
4th FGN Bond 2010 Series 12 (7.00%)	550,000	550,000	550,000	550,000
4th FGN Bond 2010 Series 14 (8.99%)	500,000	500,000	500,000	500,000
4th FGN Bond 2010 Series 1 (10.75%)	-	734,343	-	734,343
4th FGN Bond 2012 Series 2 (9.50%)	350,000	350,000	350,000	350,000
4th FGN Bond 2012 Series 5 (9.23%)	500,000	500,000	500,000	500,000
4th FGN Bond 2012 Series 10 (9.50%)	100,000	100,000	100,000	100,000
4th FGN Bond 2014 Series 3 (10.75%)	300,000	300,000	300,000	300,000
4th FGN Bond 2010 Series 4 (9.00%)	-	1,400,000	-	1,400,000
4th FGN Bond 2014 Series 6 (9.20%)	700,000	700,000	700,000	700,000
4th FGN Bond 2014 Series 11 (9.25%)	500,000	500,000	500,000	500,000
4th FGN Bond 2017 Series 9 (9.35%)	1,200,000	1,200,000	1,200,000	1,200,000
5th FGN Bond 2011 Series 3 (10.50%)	388,670	-	388,670	-
5th FGN Bond 2013 Series 1 (9.45%)	1,670,961	1,670,961	1,670,961	1,670,961
5th FGN Bond 2013 Series 4 (10.50%)	371,875	-	371,875	-
5th FGN Bond 2018 Series 2 (10.70%)	99,483	-	99,483	-
5th FGN Bond 2028 Series 5 (15.00%)	633,951	-	633,951	-
6th FGN Bond 2012 Series 1 (9.92%)	200,000	-	200,000	-
6th FGN Bond 2029 Series 3 (12.49%)	100,000	-	100,000	-
FGN pensioners bond	-	450,647	-	450,647
Corporate bond (See note (d) below)	187,500	-	187,500	-
	<u>10,704,875</u>	<u>11,118,116</u>	<u>10,704,875</u>	<u>11,118,116</u>
Investment in subsidiary companies				
Investment in CDL Assets Management Limited (note (e) below)	-	-	180,000	180,000
Investment in CDL Capital Market Limited	-	-	-	-
Investment in CDL Properties Limited	-	-	-	-
Unquoted investments				
Investment in Nigeria Inter – Bank Settlement System Plc	66	66	66	66
	<u>10,704,941</u>	<u>11,118,182</u>	<u>10,884,941</u>	<u>11,368,182</u>

- (b) The market value of the long term investments in FGN Bonds at the balance sheet date was ₦10,556,861,824 (2008: ₦11,115,465,720). The Directors are of the opinion that the decline in the market value of these investments is temporary and have accounted for the investments at cost.
- (c) There were no pledged bonds as at year end. (2008: ₦2,300,000,000)
- (d) This represents the Group's investments in 187,500 units (2008: nil) of N1,000 each in Naira denominated redeemable convertible bond issued by Access Bank Plc.
- (e) Investment in CDL Assets Management Company Limited represents the Company's shareholding in the 200,000,000 (2008: 200,000,000) Ordinary share capital of the company.

- (f) The movement on long-term investments was as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	11,188,182	8,360,665	11,368,182	8,540,665
Additions during the year	2,558,469	9,555,304	2,558,469	9,555,304
Disposals during the year	(3,041,710)	(6,727,787)	(3,041,710)	(6,727,787)
Balance, end of year	<u>10,704,941</u>	<u>11,188,182</u>	<u>10,884,941</u>	<u>11,368,182</u>

- (g)(i)The subsidiary company's country of incorporation, nature of business, percentage equity holding and year end financial statements consolidated with the parent company are as detailed below:

<i>Country of Incorporation</i>	<i>Company name</i>	<i>Nature of Business</i>	<i>Percentage of equity capital held</i>	<i>Year end</i>
Nigeria	CDL Asset Management	Asset management	90.00%	31/05/09

*Consolidated Discounts Limited and subsidiary company
Group and Separate Financial Statements --31 May 2009
Together with Directors' and Auditor's Reports*

(ii) The condensed financial data of the consolidated entities as at 31 May 2009 are as follows:

<i>Subsidiary companies</i>	<i>Total assets</i>	<i>Total liabilities</i>	<i>Net assets</i>	<i>Gross earnings</i>	<i>Profit before tax</i>	<i>Cash and cash equivalents</i>
	N'000	N'000	N'000	N'000	N'000	N'000
Consolidated Discounts Limited	96,709,132	(85,907,799)	10,801,333	21,425,150	3,654,816	371,958
CDL Asset Management Limited	5,892,414	(5,515,801)	376,613	3,956,425	53,159	59,664
Eliminations (see (iii) below)	(180,000)	-	(180,000)	(124,949)	-	-
Consolidated amount	102,421,546	(91,432,600)	10,997,946	25,256,626	3,707,975	431,622

(iii) The eliminated items on consolidation are analysed below:

	<i>Total Assets</i>	<i>Total liabilities</i>	<i>Net assets</i>	<i>Profit before tax</i>	<i>Gross earnings</i>
	N'000	N'000	N'000	N'000	N'000
Equity investments in subsidiary	(180,000)	-	180,000	-	-
Intra group earnings	-	-	-	-	(124,949)
Total	(180,000)	-	180,000	-	(124,949)

8(a). Fixed Assets - Group

(i) The movement on these accounts during the year was as follows:

	<u>Furniture and fittings</u> N'000	<u>Office equipment</u> N'000	<u>Motor vehicles</u> N'000	<u>Computer equipment</u> N'000	<u>Work in progress</u> N'000	<u>Total</u> N'000
COST:						
Balance, beginning of year	98,414	102,640	179,731	148,468	3,497	532,750
Additions	12,659	15,958	52,875	10,312	750,000	841,804
Transfer	-	2,680	-	817	(3,497)	-
Balance, end of year	<u>111,073</u>	<u>121,278</u>	<u>232,606</u>	<u>159,597</u>	<u>750,000</u>	<u>1,374,554</u>
ACCUMULATED DEPRECIATION:						
Balance, beginning of Year	61,576	63,417	96,900	102,107	-	324,000
Charge for the year	15,249	11,921	38,000	31,160	-	96,330
Balance, end of year	<u>76,825</u>	<u>75,338</u>	<u>134,900</u>	<u>133,267</u>	<u>-</u>	<u>420,330</u>
NET BOOK VALUE:						
Balance, end of year	<u>34,248</u>	<u>45,940</u>	<u>97,706</u>	<u>26,330</u>	<u>750,000</u>	<u>954,224</u>
Balance, beginning of year	<u>36,838</u>	<u>39,223</u>	<u>82,831</u>	<u>46,361</u>	<u>3,497</u>	<u>208,750</u>

(ii) No leased assets (2008: Nil) are included in the above fixed assets.

(ii) The Group had no authorised or contracted capital commitments as at the balance sheet date (2008: Nil).

8(b). Fixed Assets - Company

(i) The movement on these accounts during the year was as follows:

	<u>Furniture and fittings</u> N'000	<u>Office equipment</u> N'000	<u>Motor vehicles</u> N'000	<u>Computer equipment</u> N'000	<u>Work in progress</u> N'000	<u>Total</u> N'000
COST:						
Balance, beginning of year	82,231	83,722	165,443	119,181	3,497	454,074
Additions	12,161	13,608	52,875	8,044	750,000	836,688
Transfer	-	2,680	-	817	(3,497)	-
Balance, end of year	94,392	100,010	218,318	128,042	750,000	1,290,762
ACCUMULATED DEPRECIATION:						
Balance, beginning of year	55,103	56,768	91,853	95,115	-	298,839
Charge for the year	8,973	10,854	34,428	19,290	-	73,545
Balance, end of year	64,076	67,622	126,281	114,405	-	372,384
NET BOOK VALUE:						
Balance, end of year	30,316	32,388	92,037	13,637	750,000	918,378
Balance, beginning of year	27,128	26,954	73,590	24,066	3,497	155,235

(ii) No leased assets (2008: Nil) are included in the above fixed assets.

(iii) The Company had no authorised or contracted capital commitments as at the balance sheet date (2008: Nil).

9. Secured Placements

(a) Secured placements comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Call takings	2,795,564	4,128,005	2,487,635	3,983,484
Term deposits	85,523,350	104,978,917	80,433,547	102,184,640
	<u>88,318,914</u>	<u>109,106,922</u>	<u>82,921,182</u>	<u>106,168,124</u>
	<u><u>88,318,914</u></u>	<u><u>109,106,922</u></u>	<u><u>82,921,182</u></u>	<u><u>106,168,124</u></u>

(b) The maturity profile of secured placements is as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Under 1 month	79,560,267	98,070,889	77,575,383	95,132,091
1 – 3 months	8,667,630	10,948,114	5,254,782	10,948,114
3 – 6 months	75,965	56,872	75,965	56,872
6 – 12 months	15,052	31,047	15,052	31,047
	<u>88,318,914</u>	<u>109,106,922</u>	<u>82,921,182</u>	<u>106,168,124</u>
	<u><u>88,318,914</u></u>	<u><u>109,106,922</u></u>	<u><u>82,921,182</u></u>	<u><u>106,168,124</u></u>

10. Other liabilities

Other liabilities comprise:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Discount on purchase of commercial bills	32,730	-	32,730	-
Overdrawn accounts	9,834	13,851	-	13,851
Discount payable	420,120	540,431	361,195	509,457
Accrued expenses	99,845	220,533	98,150	146,313
Others	524,634	436,195	519,136	431,207
	<u>1,087,163</u>	<u>1,211,010</u>	<u>1,011,211</u>	<u>1,100,828</u>
	<u><u>1,087,163</u></u>	<u><u>1,211,010</u></u>	<u><u>1,011,211</u></u>	<u><u>1,100,828</u></u>

11. Gratuity provisions

(a) The movement in gratuity provisions is as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	228,764	109,973	228,764	109,973
Charge for the year	196,866	136,622	196,866	136,622
Payment during the year	-	(17,831)	-	(17,831)
Balance, end of year	<u>425,630</u>	<u>228,764</u>	<u>425,630</u>	<u>228,764</u>

(b) Gratuity provisions represent the Company's obligations to its employees under its gratuity scheme. This scheme was introduced in 2007 and a past service cost of N200,861,116 arose thereon. The Directors have decided to defer and charge this cost in a systematic and consistent manner to the profit and loss account over a period of five years in line with the provisions of Statement of Accounting Standard number 8 on Employees Retirement Benefits. A total of N40,172,223 (2008 : N40,172,223) of this cost has been charged to the current year's profit and loss account. The outstanding balance as at year end is N80,344,446 (2008: N120,516,669).

12. Taxation payable

(a) The movement on this account is as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	1,039,667	703,909	964,900	639,975
Charge for the year (see note (b) below)	1,146,545	865,129	1,121,695	787,959
Payments during the year	(600,476)	(506,600)	(536,819)	(440,793)
Reclassification of prior year NITDA levy	-	(22,771)	-	(22,241)
Balance, end of year	<u>1,585,736</u>	<u>1,039,667</u>	<u>1,549,776</u>	<u>964,900</u>

(b) The taxation charge for the year comprises:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Company income tax	1,073,163	809,084	1,050,061	737,182
Education levy	73,382	56,045	71,634	50,777
	<u>1,146,545</u>	<u>865,129</u>	<u>1,121,695</u>	<u>787,959</u>
Deferred tax:				
– Reversal (see note 13(b))	(3,023)	11,443	-	-
– Current year charge (see note 13(b))	-	9,180	-	-
– Tax credit (see note 13(a))	(451,852)	(248,415)	(451,852)	(248,415)
	<u>691,670</u>	<u>637,337</u>	<u>669,843</u>	<u>539,544</u>

(c) The income tax has been computed at the current rate of 30% (2008: 30%) of taxable profit for the year, education levy at the rate of 2% (2008: 2%) on assessable profit for the year.

13. Deferred taxation

(a) Assets

The movement on this account during the year was as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	(346,295)	(109,323)	(346,295)	(97,880)
Credit during the year (see note 12(b))	(451,852)	(248,415)	(451,852)	(248,415)
Reversal during the year	-	11,443	-	-
	<u>(798,147)</u>	<u>(346,295)</u>	<u>(798,147)</u>	<u>(346,295)</u>

(b) Liabilities

The movement on this account during the year was as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	9,180	-	-	-
Reversal during the year	(3,023)	-	-	-
Charge during the year (see note 12(b))	-	9,180	-	-
Balance, end of year	<u>6,157</u>	<u>9,180</u>	<u>-</u>	<u>-</u>

(c) Net deferred tax liabilities/(assets) are attributable to the following:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Assets				
Fixed assets	30,221	28,886	30,221	28,886
Provision for gratuity	(127,689)	(68,630)	(127,689)	(68,630)
General allowance for risk assets	(700,678)	(306,551)	(700,678)	(306,551)
Balance, end of year	<u>(798,146)</u>	<u>(346,295)</u>	<u>(798,146)</u>	<u>(346,295)</u>
Liabilities				
Fixed assets	6,157	9,943	-	-
General allowance for risk assets	-	(763)	-	-
Balance, end of year	<u>6,157</u>	<u>9,180</u>	<u>-</u>	<u>-</u>

14. Dividend payable

(a) The movement on this account during the year is as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	-	-	-	-
Dividend declared	250,000	200,000	250,000	200,000
Payments during the year	(250,000)	(200,000)	(250,000)	(200,000)
Balance, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. Share capital

(a) Share capital comprises:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Authorized – 3,000,000,000 Ordinary shares of ₦1 each (2008: 2,500,000,000)	3,000,000	2,500,000	3,000,000	2,500,000
Issued and fully paid – 3,000,000,000 Ordinary shares of ₦1 each (2008: 2,500,000,000)	3,000,000	2,500,000	3,000,000	2,500,000

(b) The movement on the authorized share capital during the year is as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of year	2,500,000	2,000,000	2,500,000	2,000,000
Increase during the year	500,000	500,000	500,000	500,000
Balance, end of year	3,000,000	2,500,000	3,000,000	2,500,000

(c) The movement on issued and fully paid share capital account during the year is as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of year	2,500,000	2,000,000	2,500,000	2,000,000
Bonus shares capitalized (see note 17)	500,000	500,000	500,000	500,000
Balance, end of year	3,000,000	2,500,000	3,000,000	2,500,000

(d) The Company at its twelfth annual general meeting held on 13th November 2008 approved the transfer and capitalization of N500 million (2008: N500 million) from the bonus share reserve account at the rate of 1 new ordinary share for every 5 (2008: 1 for 4) ordinary shares held. Regulatory approvals were obtained during the year.

16. Statutory reserve

The movement on statutory reserves during the year was as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of year	1,436,078	997,357	1,436,078	997,357
Transfer from profit and loss account	447,746	438,721	447,746	438,721
Balance, end of year	<u>1,884,824</u>	<u>1,436,078</u>	<u>1,884,824</u>	<u>1,436,078</u>

In accordance with existing legislation, 15% (2008 : 15%) of profit after taxation has been transferred to statutory reserves.

17. Reserve for bonus issue

The movement on reserve for bonus issue account is as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of year	500,000	500,000	500,000	500,000
Amount capitalized in the year	(500,000)	(500,000)	(500,000)	(500,000)
Transfer, from general reserve (see note 18)	500,000	500,000	500,000	500,000
Balance, end of year	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

The Board of Directors proposed the transfer of N500 million from the Company's general reserve to issue bonus of 1 new ordinary share for every 6 ordinary shares held as at 31st May 2009. This is subject to declaration by the shareholders at the next annual general meeting.

18. General reserve

The movement on general reserve during the year was as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of year	3,761,035	1,841,578	3,630,282	1,844,197
Transfer from profit and loss account	2,565,426	2,619,457	2,537,227	2,486,085
Transfer to reserve for bonus issue (see note 17)	(500,000)	(500,000)	(500,000)	(500,000)
Dividend paid during the year	(250,000)	(200,000)	(250,000)	(200,000)
Balance, end of year	<u>5,576,461</u>	<u>3,761,035</u>	<u>5,417,509</u>	<u>3,630,282</u>

19. Revaluation reserve

The movement on revaluation reserve during the year was as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	-	136,541	-	136,541
Transfer to profit and loss account	-	(136,541)	-	(136,541)
Balance, end of year	-	-	-	-

20. Non-controlling interest

The movement on non-controlling interest is as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	34,528	19,767	-	-
Share of profit	3,133	14,761	-	-
Balance, end of year	37,661	34,528	-	-

21. Securities trading and discount income

(a) Securities trading and discount income comprises:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Income from treasury bills	1,941,454	2,961,602	1,941,454	2,961,602
Income from commercial bills	21,284,882	19,883,601	17,467,551	14,088,292
Discount income on FGN bonds	1,532,850	1,857,882	1,532,850	1,857,882
Trading (loss)/income from bonds	471,266	(256,758)	471,266	(256,758)
Commissions on bond trading	12,029	43,227	12,029	43,227
	25,242,481	24,489,554	21,425,150	18,694,245

22. Supplementary profit and loss information

(a) General:

The Company's profit before taxation is stated after charging/(crediting) the following:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Allowance on risk and other assets:				
- General allowance on commercial bills	1,304,429	919,468	1,304,429	919,468
- Specific allowance on commercial bills	-	122,022	-	-
- Allowance/(release) of general allowance on assets on repo	-	(202,012)	-	(202,012)
- Allowance on staff loans	15,244	7,074	9,330	6,213
- Allowance on other assets	85,901	-	85,901	-
- Allowance no longer required	(131,257)	(255,395)	-	(250,000)
	<u>1,274,317</u>	<u>591,157</u>	<u>1,399,660</u>	<u>473,669</u>
Depreciation	96,330	72,441	73,545	58,706
Auditors' remuneration	20,250	17,500	16,750	14,000

(b) Analysis of operating expenses:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Staff salaries and allowances (see note (c) below)	680,083	463,622	617,204	418,954
Depreciation	96,330	72,441	73,545	58,706
Training cost	72,211	49,333	72,211	49,333
Office lighting, repairs & maintenance	163,322	103,149	145,965	75,426
Insurance, transport and travelling	201,163	104,865	198,441	102,682
Professional fees & subscription	64,577	47,811	59,999	41,008
Entertainment	43,522	35,730	43,522	35,730
Revaluation loss	369,007	279,609	256,600	262,144
NITDA levy	37,030	37,580	36,548	35,096
Other operating expenses	528,249	479,923	502,308	428,762
	<u>2,255,494</u>	<u>1,674,063</u>	<u>2,006,343</u>	<u>1,507,841</u>

(c) Staff and directors' costs:

i. Employee costs, including the executive director, amounted to:

	Group	Group	Company	Company
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Wages and salaries	342,642	214,748	289,715	179,015
Other pension costs	140,575	112,252	130,623	103,317
Gratuity	196,866	136,622	196,866	136,622
	<u>680,083</u>	<u>463,622</u>	<u>617,204</u>	<u>418,954</u>

ii. The average number of full time persons employed by the Company during the year was as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
Management staff	26	28	22	21
Senior staff	31	26	27	20
Junior staff	11	9	5	3
	<u>68</u>	<u>63</u>	<u>54</u>	<u>44</u>

iii. Employees of the Company, earning more than N60,000 other than directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits/allowances) in the following ranges:

	Group	Group	Company	Company
	2009	2008	2009	2008
N 90,001 - N 100,000	1	2	1	1
N 100,001 - N 250,000	3	8	3	2
N 250,001 - N 300,000	7	11	7	6
N 300,001 - N 400,000	14	13	10	10
N 400,001 - N 550,000	16	14	12	11
N 550,001 - N1,100,000	7	4	5	4
N1,100,001 - N1,300,000	13	10	10	9
N1,300,001 - N1,500,000	7	1	6	1
	<u>68</u>	<u>63</u>	<u>54</u>	<u>44</u>

(d) **Directors' emoluments**

- i. Remuneration paid to directors (excluding pension contributions and certain benefits/allowances) of the Company was as follows:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Fees as directors	1,575	1,150	750	1,150
Other emoluments	15,750	8,700	8,700	8,700
	17,325	9,850	9,450	9,850

- ii. The directors' remuneration shown above (excluding pension contributions and certain benefits/allowances) includes:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Chairman	535	535	535	535
	535	535	535	535
Highest paid director	3,505	3,505	3,505	3,505
	3,505	3,505	3,505	3,505

- iii. The emoluments of all other directors fell in the following ranges:

	Group 2009	Group 2008	Company 2009	Company 2008
N1,000,001 - N2,000,000	10	6	10	6
	10	6	10	6

23. Earnings per share

Basic earnings per share is based on the profit after taxation for the year and on 3,000,000,000 (2008:2,500,000,000) Ordinary shares in issue during the year. Adjusted earnings per share have been computed based on profit after taxation and the Ordinary shares of 3,000,000,000 during the year.

24. Net cash flow from trading activities

This comprises:

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Profit after taxation	3,016,305	3,072,939	2,984,973	2,924,806
Taxation	691,670	637,337	669,843	539,544
Profit before taxation	<u>3,707,975</u>	<u>3,710,276</u>	<u>3,654,816</u>	<u>3,464,350</u>
Adjustments to reconcile profit before taxation to net cash flow from operations				
- Depreciation	96,330	72,441	73,545	58,706
- Allowance for risk assets	1,173,171	584,083	1,304,429	467,456
- Allowance for staff loans	15,244	7,074	9,330	6,213
- Allowance for other assets	85,901	-	85,901	-
- Gratuity charge	196,866	136,622	196,866	136,622
- Revaluation loss	369,007	279,609	256,600	262,144
Net cash flow from trading activities	<u><u>5,644,495</u></u>	<u><u>4,790,105</u></u>	<u><u>5,581,487</u></u>	<u><u>4,395,491</u></u>

25. Changes in operating assets

	Group 2009	Group 2008	Company 2009	Company 2008
	N'000	N'000	N'000	N'000
Increase/(decrease) in operating assets:				
- Trading securities	(24,630,930)	(4,748,882)	(24,592,968)	(4,577,121)
- Marketable securities	41,367,005	(25,697,342)	39,543,198	(28,732,502)
- Short term investments	1,147,947	(2,432,383)	1,147,947	(2,432,383)
- Assets on repurchase agreement	1,951,927	18,249,320	1,951,927	18,249,320
- Other assets	197,844	(731,412)	360,183	(222,292)
Increase/(decrease) in operating liabilities:				
- Secured takings	(24,788,008)	34,930,729	(23,246,942)	37,610,941
- Liabilities on repurchase agreement	(1,960,000)	(18,241,247)	(1,960,000)	(18,241,247)
- Other liabilities	(136,019)	132,790	(89,617)	82,758
	<u><u>(6,850,234)</u></u>	<u><u>1,461,573</u></u>	<u><u>(6,886,272)</u></u>	<u><u>1,737,474</u></u>

26. Segment reporting

The segment information is presented in respect of the group's business segments.

The group operates the following main business segments:

Fixed income securities – includes trading in money market instruments and government debt securities

Asset management – includes portfolio management and advisory services

The group's business reporting information comprises:

	Fixed income securities		Asset management		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	N'000	N'000	N'000	N'000	N'000	N'000
Revenue:						
Derived from external customers	21,300,201	18,694,245	3,956,425	5,838,348	25,256,626	24,532,593
Inter-segment income	124,949	(29,795)	(124,949)	29,795	-	-
Total revenue	<u>21,425,150</u>	<u>18,664,450</u>	<u>3,831,476</u>	<u>5,868,143</u>	<u>25,256,626</u>	<u>24,532,593</u>
Discount expense	(14,364,331)	(13,218,590)	(3,654,509)	(5,338,507)	(18,018,840)	(18,557,097)
Net trading income	<u>7,060,819</u>	<u>5,445,860</u>	<u>176,967</u>	<u>529,636</u>	<u>7,237,786</u>	<u>5,975,496</u>
Expense:						
Operating expenses	(1,932,798)	(1,449,135)	(226,366)	(152,487)	(2,159,164)	(1,601,622)
Allowance for risk assets	(1,399,660)	(473,669)	125,343	(117,488)	(1,274,317)	(591,157)
Depreciation	(73,545)	(58,706)	(22,785)	(13,735)	(96,330)	(72,441)
Total expenses	<u>(3,406,003)</u>	<u>(1,981,510)</u>	<u>(123,808)</u>	<u>(283,710)</u>	<u>(3,529,811)</u>	<u>(2,265,220)</u>
PROFIT BEFORE TAXATION	<u>3,654,816</u>	<u>3,464,350</u>	<u>53,159</u>	<u>245,926</u>	<u>3,707,975</u>	<u>3,710,276</u>
Assets and Liabilities:						
Total assets	96,709,132	118,488,976	5,892,414	3,478,208	102,601,546	121,787,184
Total liabilities	(85,907,799)	(110,422,616)	(5,478,140)	(7,145,099)	(91,385,393)	(117,567,715)
Non-controlling interest	-	-	(37,661)	(34,528)	(37,661)	(34,528)
Consolidation entries	-	-	-	-	(180,000)	4,046,700
Net assets	<u>10,801,333</u>	<u>8,066,360</u>	<u>376,613</u>	<u>(3,701,419)</u>	<u>10,997,946</u>	<u>8,231,641</u>

27. Related party transactions

The Company enters into trading transactions with some of its shareholders namely Union Bank of Nigeria Plc, Afribank Plc, Triumph Bank Plc in liquidation, Skye Bank Plc, First Bank of Nigeria Plc, Access Bank Plc and Williams Street Trustees Limited. All such transactions are conducted at arm's length.

The Directors' fees are disclosed in note 22 (e) to the financial statements.

28. Contravention of laws and regulations

The Company contravened the provisions of Section 20(2)(f)BOFIA 1991 as amended during the year by its purchase of a new head office without obtaining prior approval from the CBN and has therefore been penalized the sum of N1million in line with Section 60(1) of BOFIA as amended.

29. Litigation and claims

There were no litigation and claims against the Company as at 31 May 2009 (2008: Nil).

30. Post balance sheet events:

There were no post balance sheet events which could have a material effect on the state of the Group as at 31 May 2009 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

31. Contingent asset/liability

There were no contingent assets and liabilities as at 31 May 2009 (2008: Nil).

Statement of Value Added - Group

For the year ended 31 May 2009

	<u>2009</u>	%	<u>2008</u>	%
	N'000		N'000	
Gross earnings	25,256,626		24,532,593	
Discount expense	(18,018,840)		(18,557,097)	
	<u>7,237,786</u>		<u>5,975,496</u>	
Allowance for risk assets	(1,274,317)		(591,157)	
Bought-in materials and services				
- Local	(1,479,081)		(1,138,000)	
- Foreign	-			
Value added	<u>4,484,388</u>	<u>100</u>	<u>4,246,339</u>	<u>100</u>
Distribution of value added				
<i>To employees:</i>				
Staff and directors' costs	680,083	15	463,622	11
<i>To government:</i>				
Government as taxes	691,670	16	637,337	15
<i>To shareholders:</i>				
Shareholders as dividend	250,000	6	200,000	5
<i>Retained in the business:</i>				
For replacement of fixed assets (depreciation)	96,330	2	72,441	2
To augment reserves (including statutory reserves and non-controlling interest)	3,016,305	67	3,072,939	72
Appropriated from general reserve	(250,000)	(6)	(200,000)	(5)
	<u>4,484,388</u>	<u>100</u>	<u>4,246,339</u>	<u>100</u>

Statement of Value Added - Company

For the year ended 31 May 2009

	2009	%	2008	%
	N'000		N'000	
Gross earnings	21,425,150		18,694,245	
Discount expense	(14,364,331)		(13,248,385)	
	7,060,819		5,445,860	
Allowance for risk assets	(1,399,660)		(473,669)	
Bought-in materials and services				
- Local	(1,315,594)		(1,030,181)	
- Foreign	-		-	
Value added	4,345,565	100	3,942,010	100
 Distribution of value added:				
<i>To employees:</i>				
Staff and directors' costs	617,204	14	418,954	11
 <i>To government:</i>				
Government as taxes	669,843	15	539,544	14
 <i>Retained in the business:</i>				
Shareholders as dividend	250,000	6	200,000	5
 <i>Retained in the business:</i>				
For replacement of fixed assets (depreciation)	73,545	2	58,706	1
To augment reserves				
(including statutory reserves)	2,984,973	69	2,924,806	74
Appropriated from general reserve	(250,000)	(6)	(200,000)	(5)
	4,345,565	100	3,942,010	100

Four-Year Financial Summary - Group

	<u>2009</u> N'000	<u>2008</u> N'000	<u>2007</u> N'000	<u>2006</u> N'000 Restated
ASSETS:				
Cash and bank balances	431,622	2,846,400	270,558	153,970
Trading Securities	34,215,539	9,953,616	5,620,884	400,000
Assets on repurchase agreements	-	1,951,927	19,999,235	-
Marketable securities	50,686,268	89,226,445	64,315,198	52,050,059
Other assets	1,596,369	1,883,186	1,158,848	226,336
Deferred tax	798,147	346,295	109,323	75,068
Short term investment	3,034,436	4,182,383	1,750,000	-
Long term investment	10,704,941	11,188,182	8,360,665	2,775,419
Fixed assets	954,224	208,750	157,303	174,780
TOTAL ASSETS	<u>102,421,546</u>	<u>121,787,184</u>	<u>101,742,014</u>	<u>55,855,632</u>
LIABILITIES:				
Secured placements	88,318,914	109,106,922	74,176,193	51,045,094
Liabilities against repurchase agreements	-	1,960,000	20,201,247	-
Other liabilities	1,087,163	1,211,010	1,055,449	425,286
Taxation payable	1,585,736	1,039,667	703,909	557,556
Gratuity provisions	425,630	228,764	109,973	17,831
Dividend payable	-	-	-	9,150
Deferred taxation	6,157	9,180	-	-
TOTAL LIABILITIES	<u>91,423,600</u>	<u>113,555,543</u>	<u>96,246,771</u>	<u>52,054,917</u>
NET ASSETS	<u>10,997,946</u>	<u>8,231,641</u>	<u>5,495,243</u>	<u>3,800,715</u>
CAPITAL AND RESERVES:				
Share capital	3,000,000	2,500,000	2,000,000	1,750,000
Statutory reserve	1,883,824	1,436,078	997,357	713,717
Reserve for bonus issue	500,000	500,000	500,000	250,000
General reserve	5,576,461	3,761,035	1,841,578	1,079,739
Revaluation reserve	-	-	136,541	-
SHAREHOLDERS' FUNDS	<u>10,960,285</u>	<u>8,197,113</u>	<u>5,475,476</u>	<u>3,793,456</u>
Non-controlling interest	37,661	34,528	19,767	7,259
	<u>10,997,946</u>	<u>8,231,641</u>	<u>5,495,243</u>	<u>3,800,715</u>
Gross earnings	<u>25,256,626</u>	<u>24,532,593</u>	<u>8,980,974</u>	<u>7,213,424</u>
Profit before taxation	<u>3,707,975</u>	<u>3,710,276</u>	<u>2,277,070</u>	<u>1,605,266</u>
Profit after taxation	<u>3,016,305</u>	<u>3,058,178</u>	<u>1,912,979</u>	<u>1,116,731</u>
Earnings per share				
Basic	100k	122k	96k	64k

Five-Year Financial Summary – Company

	<u>2009</u> N'000	<u>2008</u> N'000	<u>2007</u> N'000	<u>2006</u> N'000	<u>2005</u> N'000 (14 months)
ASSETS:					
Cash and bank balances	371,958	2,817,009	267,692	53,955	185,340
Trading securities	34,135,688	9,799,320	5,620,884	400,000	-
Assets on repurchase agreements	-	1,951,927	19,999,235	-	1,466,600
Marketable securities	45,811,999	86,659,626	58,596,592	52,050,059	35,706,481
Other assets	753,585	1,208,999	992,920	262,521	196,962
Deferred tax	798,147	346,295	97,880	75,068	-
Short term investment	3,034,436	4,182,383	1,750,000	-	-
Long term investment	10,884,941	11,368,182	8,540,665	2,865,419	400,066
Fixed assets	918,378	155,235	116,434	138,599	118,386
TOTAL ASSETS	<u>96,709,132</u>	<u>118,488,976</u>	<u>95,982,302</u>	<u>55,845,621</u>	<u>38,073,835</u>
LIABILITIES:					
Secured placements	82,921,182	106,168,124	68,557,183	51,045,094	32,723,269
Liabilities against repurchase agreements	-	1,960,000	20,201,247	-	1,472,600
Other liabilities	1,011,211	1,100,828	995,829	421,949	325,291
Taxation payable	1,549,776	964,900	639,975	533,476	545,259
Gratuity provisions	425,630	228,764	109,973	17,831	-
Dividend payable	-	-	-	9,150	6,150
Deferred taxation	-	-	-	-	9,541
TOTAL LIABILITIES	<u>85,907,799</u>	<u>110,422,616</u>	<u>90,504,207</u>	<u>52,027,500</u>	<u>35,082,110</u>
NET ASSETS	<u>10,801,333</u>	<u>8,066,360</u>	<u>5,478,095</u>	<u>3,818,121</u>	<u>2,991,725</u>
CAPITAL AND RESERVES:					
Share capital	3,000,000	2,500,000	2,000,000	1,750,000	1,500,000
Statutory reserve	1,883,824	1,436,078	997,357	713,717	542,508
Reserve for bonus issue	500,000	500,000	500,000	250,000	250,000
General reserve	5,417,509	3,630,282	1,844,197	1,104,404	699,217
Revaluation reserve	-	-	136,541	-	-
SHAREHOLDERS' FUNDS	<u>10,801,333</u>	<u>8,066,360</u>	<u>5,478,095</u>	<u>3,818,121</u>	<u>2,991,725</u>
Gross earnings	21,425,150	18,694,245	7,335,440	7,205,221	5,941,573
Profit before taxation	3,654,816	3,464,350	2,224,105	1,608,592	1,281,357
Profit after taxation	2,984,973	2,924,806	1,890,933	1,141,396	878,077
Earnings per share					
- basic	99k	117k	95k	65k	59k