

Consolidated Discounts Limited and Subsidiary Companies

**Group Financial Statements – 31 December 2010
Together with Directors' and Auditor's Reports**

Corporate Information

Names of Directors

Olufunke I. Osibodu
Mudashiru A. Shittu
Ebenezer Olufowose
Nebolisa O. Arah
Kehinde Durosinmi - Etti
Ibrahim Kwargana
Nnamdi C. Anammah

Registered office

10th - 12th Floors
Bull Plaza
38/39 Marina
Lagos

Auditors

KPMG Professional Services
(Chartered Accountants)
22A Gerrard Road
Ikoyi
Lagos.
Telephone: (01) 271 8955
Signing Partner:
Ayodele Hilkiah Othihiwa (Mr.),
FCA (ICAN membership number '8208')

Company Secretary

L.M. Claud - Ennin

Directors' Report

For the period ended 31 December 2010

The directors present their annual report on the affairs of Consolidated Discounts Limited (“the Company”) and its subsidiaries (“the Group), together with the group and separate financial statements and auditor’s report for the period ended 31 December 2010.

Legal form and principal activity

The Company was incorporated on 16th November 1995 as a limited liability company, and was licensed by the Central Bank of Nigeria on 14th August 1996 to carry out the functions of a discount house.

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 has two subsidiaries, 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 and CDL Capital Markets Limited which was incorporated for the purpose of carrying on the business of stock broking and asset management. In addition, Consolidated Discounts Limited incorporated a subsidiary, CDL Properties Limited on 28 July 2008 to carry on the business of property investment and development for the purpose of resale. CDL Properties Limited is yet to commence business and its 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 for the year ended 31 December 2010:

	Group 12 months to 12/31/2010 N’000	Group 7 months to 12/31/2009 N’000	Company 12 months to 12/31/2010 N’000	Company 7 months to 12/31/2009 N’000
Gross earnings	14,467,039	8,655,771	12,037,020	7,183,631
Profit before taxation	5,449,211	2,101,308	5,287,433	2,053,432
Taxation	(519,295)	(106,045)	(466,708)	(93,884)
Profit after taxation	4,929,916	1,995,263	4,820,725	1,959,548
Non-controlling interest	(13,357)	(3,688)	-	-
Profit attributable to the group	4,916,559	1,991,575	4,820,725	1,959,548
Transfer to statutory reserve	(723,109)	(293,932)	(723,109)	(293,932)
Transfer to general reserve	4,193,450	1,697,643	4,097,616	1,665,616
Earnings per employee	66,440	28,451	80,345	34,992
Earnings per share – basic	123k	57k	121k	56k

Directors and their Interests

The Directors who served during the year are shown below:

Mrs. Olufunke I. Osibodu (Chairman)	- Representing Union Bank Plc
Mr. Mudashiru.A. Shittu	- Managing Director (Appointed 1st August 2010)
Mr. Ebenezer Olufowose	- Representing Access Bank Plc
Mr. Nebolisa O. Arah	- Representing Afribank Nigeria Plc
Mr. Kehinde Durosinmi-Etti	- Representing Skye Bank Plc
Mr. Ibrahim Kwargana	- Representing Union Bank Plc (Appointed 2nd March 2010)
Mr. C.N. Anammah	- Representing Afribank Nigeria Plc

The Directors who resigned during the year are shown below:

Mr. Steve O. Akinretoye	- Retired on 31 July 2010
Alhaji Garba A. Yakasai	- Retired on 23 July 2010

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 December 2010:

Shareholders	% shareholding
Union Bank of Nig. Ltd	37.5
Afribank Nig. Plc	24.5
	62.00

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

Name of Bank	<u>31-Dec-10</u>		<u>31-Dec-09</u>	
	<u>Holdings</u>	<u>% Holding</u>	<u>Holdings</u>	<u>% Holding</u>
Union Bank Plc	1,500,000,000	37.5	1,312,500,000	37.5
Afribank Plc	980,000,000	24.5	857,500,000	24.5
Skye Bank Plc	340,000,000	8.5	297,500,000	8.5
First Bank Plc	300,000,000	7.5	262,500,000	7.5
Triumph Bank Plc - in liquidation	280,000,000	7	245,000,000	7
Access Bank Plc	200,000,000	5	175,000,000	5
CDL Staff Cooperative	200,000,000	5	175,000,000	5
Williams Street Trustees Limited	200,000,000	5	175,000,000	5
Total	<u>4,000,000,000</u>	<u>100</u>	<u>3,500,000,000</u>	<u>100</u>

Acquisition of own shares

The Company did not acquire any of its own shares during the year ended 31 December, 2010.

Property and equipment

Information relating to changes in property and equipment is disclosed in Note 15 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 N1,375,000 (31 December 2009: N1,875,000) during the year:

Organisations:	31-Dec-10	31-Dec-09
	<u>N</u>	<u>N</u>
Osemawe Dynasty	500,000	-
Patrick Speech and Languages Center	300,000	
The Cathedral Church of Christ, Lagos	-	500,000
Emure Development Fund	-	300,000
Rotary International District 9110 Nigeria	-	250,000
National Drug Law Enforcement Agency	250,000	250,000
Ijebu South-West Diocese	250,000	
Ondo Development Committee	-	250,000
Police Community Relation Committee-Lion Building	-	250,000
C.M.S Girl's Senior Grammar School	75,000	75,000
	<u>1,375,000</u>	<u>1,875,000</u>

In compliance with Section 38(2) of the 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 Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company'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 Company 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 December 2010, the Company had no disabled persons in its employment.

Health, Safety and Welfare of Employees

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 that they are not seeking reappointment as auditors in line with paragraph 8.2.3 of the CBN Code of Corporate Governance.

38/39 Marina
Lagos Nigeria

BY ORDER OF THE BOARD

XX March 2011

L. Claud - Ennin (Mrs.)
Company Secretary

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2010

The directors accept responsibility for the preparation of the annual financial statements set out on pages 8 to 55 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act 1990 of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mrs. Olufunke I. Osibodu
XX Mar 2011

Mr Mudashiru.A. Shittu
XX Mar 2011

Statement of Significant Accounting Policies

A summary of the significant accounting policies, applied consistently throughout the current period 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 subsidiaries, CDL Asset Management Limited and CDL Capital Markets 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) **Investment securities**

The group categorises its investment securities into the following categories: Commercial bills, trading securities, short term and long term investment. Investment securities are initially recognized at cost and management determines the classification at initial investment.

i. *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.

ii *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 (iii) below)

iii *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 on *Non Specialized loans* as described below;

Period principal or interest has been outstanding	Classification	% Allowance
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 Statement of Accounting Standards.

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.

iv *Short term investments*

Short-term investments comprise debt securities which management intends to hold for not more than one year. Short-term investments are stated at the lower of cost and net realizable value. The amount by which cost exceeds market value (unrealized loss) is charged to profit and loss account for the period. Realized gains or losses on disposal of short term investment are taken to the profit and loss account. Interest receivable on investment is accrued and credited to the profit and loss account.

v *Long term investments*

Long-term investments comprise debt and equity securities which management intends to hold for over a long period of time to earn income. Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater its estimated recoverable amount.

(e) **Property and equipment**

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 & fittings	-	20%
Office equipment	-	20%
Motor vehicles	-	25%
Computer equipment	-	33.33%

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 arising from the disposal of fixed assets are included in the profit and loss account.

(f) **Investment property**

Investment property is an investment in land and building held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Company.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

An increase in carrying amount arising from the revaluation of investment properties is credited to owners equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offset the previously recorded decrease.

Investment properties are disclosed separately from property and equipment used for the purpose of the business.

(g) **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 recognized 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 recognized on realization.

(h) **Discount expense**

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

(i) **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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **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.

(o) **Dividend**

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

(p) **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.

(q) **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.

Profit and Loss Accounts

For the period ended 31 December 2010

	Notes	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Gross earnings		14,467,039	8,655,771	12,037,020	7,183,631
Securities income	3	14,435,757	8,562,488	12,027,305	7,138,079
Securities discount expenses	5	(6,198,298)	(5,407,608)	(4,139,087)	(4,091,056)
Net discount income		8,237,459	3,154,880	7,888,218	3,047,023
Other income		31,282	93,283	9,715	45,552
Operating income		8,268,741	3,248,163	7,897,933	3,092,575
Operating expenses	6	(2,857,215)	(1,118,740)	(2,679,302)	(1,039,143)
Diminution in risk asset value	26(a)	37,685	(28,115)	68,802	-
Profit before taxation		5,449,211	2,101,308	5,287,433	2,053,432
Taxation	7	(519,295)	(106,045)	(466,708)	(93,884)
Profit after taxation		4,929,916	1,995,263	4,820,725	1,959,548
Non-controlling interest	25	(13,357)	(3,688)	-	-
Profit attributable to the Group		4,916,559	1,991,575	4,820,725	1,959,548
Appropriated as follows:					
Transfer to statutory reserve	21	(723,109)	(293,932)	(723,109)	(293,932)
Transfer to retained earnings reserves	24	(4,193,450)	(1,697,643)	(4,097,616)	(1,665,616)
		-	-	-	-
Earnings per shares-basic	27	123k	57k	121k	56k
-Adjusted	27	123k	50k	121k	49k
Declared dividend per shares	27	10k	10k	10k	10k

The board of directors has proposed a dividend of 10k per share on the issued share capital of 4,000,000,000 ordinary shares of N1.00 each, subject to the approval of the shareholders at the next annual general meeting.

The accompanying accounting policies on page 8 to 12 and notes on page 16 to 55 form an integral part of these financial statements.

Balance Sheets

As at 31 December 2010

	Notes	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Assets:					
Cash and bank balances	8	283,787	725,731	257,581	673,433
Treasury bills	9	32,122,921	20,999,628	32,122,921	20,999,628
Investment securities	10	69,838,573	73,557,664	68,800,052	72,158,537
Investment in subsidiary companies	11	-	-	337,005	180,000
Deferred taxation	12(a)	918,810	836,507	918,810	836,507
Other assets	13	310,404	638,261	169,596	585,948
Investment property	14	1,125,726	618,460	-	-
Property and equipment	15	1,011,095	1,007,323	984,116	982,292
		105,611,316	98,383,574	103,590,081	96,416,345
Liabilities:					
Secured placements	16	85,382,178	81,174,777	83,940,273	79,510,917
Taxation payable	7(a)	776,108	1,313,529	707,296	1,279,804
Other liabilities	17	825,783	455,916	754,704	425,360
Deferred taxation	12(b)	3,844	3,844	-	-
Retirement benefit obligations	18	1,055,337	804,543	1,054,256	801,627
		88,043,250	83,752,609	86,456,529	82,017,708
Net assets		17,568,066	14,630,965	17,133,552	14,398,637
Capital and reserves:					
Share capital	20	4,000,000	3,500,000	4,000,000	3,500,000
Statutory reserve	21	2,900,865	2,177,756	2,900,865	2,177,756
Reserve for bonus issue	22	-	500,000	-	500,000
Revaluation reserve	23	201,946	1,937,756	201,946	1,937,756
Retained earnings	24	10,317,555	6,474,104	10,030,741	6,283,125
Shareholders' funds		17,420,365	14,589,616	17,133,552	14,398,637
Non-controlling interest	25	147,701	41,349	-	-
Total equity		17,568,066	14,630,965	17,133,552	14,398,637

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mrs. Olufunke I. Osibodu _____) Chairman

Mr. Mudashiru A. Shittu _____) Managing Director

Approved by the Board of Directors on XX March 2011.

The accompanying accounting policies on page 8 to 12 and notes on page 16 to 55 form an integral part of these financial statements.

Statements of Cash flows
For the period ended 31 December 2010

		Group	Group	Company	Company
	Notes	12 months to 31-Dec-10 N'000	7 months to 31-Dec-09 N'000	12 months to 31-Dec-10 N'000	7 months to 31-Dec-09 N'000
Operating activities:					
Cash generated/(used) from operations	29	14,191,186	(1,205,739)	13,126,713	1,649,124
Income tax paid	7	(1,139,019)	(600,476)	(1,121,519)	(402,216)
<i>Net cash flows from operating activities</i>		<u>13,052,167</u>	<u>(1,806,215)</u>	<u>12,005,194</u>	<u>1,246,908</u>
Investing activities:					
Purchase of long-term investment	10(d)	(13,596,940)	(3,395,589)	(13,578,190)	(3,395,589)
Investment in subsidiary	11	-	-	(157,005)	-
Proceeds from disposal of long-term investment	10(d)	1,725,484	2,808,941	1,725,484	2,808,941
Purchase of fixed assets	15	(80,867)	(58,785)	(61,336)	(58,785)
Purchase of investment property	14	(507,266)	(618,460)	-	-
<i>Net cash flows from investing activities</i>		<u>(12,459,589)</u>	<u>(1,263,893)</u>	<u>(12,071,047)</u>	<u>(645,433)</u>
Financing activities:					
Dividend paid	19	(350,000)	(300,000)	(350,000)	(300,000)
<i>Net cash flows from financing activities</i>		<u>(350,000)</u>	<u>(300,000)</u>	<u>(350,000)</u>	<u>(300,000)</u>
Increase/(decrease) in cash and cash equivalents.		<u>242,578</u>	<u>544,109</u>	<u>(415,852)</u>	<u>301,475</u>
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents, beginning of year	28	(975,731)	(431,622)	(673,433)	(371,958)
Cash and cash equivalents, end of the year	28	<u>1,218,309</u>	<u>975,731</u>	<u>257,581</u>	<u>673,433</u>
Increase/(decrease) in cash and cash equivalent.	28	<u>242,578</u>	<u>544,109</u>	<u>(415,852)</u>	<u>301,475</u>

The accompanying accounting policies on page 8 to 12 and notes on page 16 to 55 form an integral part of these financial statements.

**Notes to the Financial Statements
For the period ended 31 December 2010**

1 General information

Consolidated Discounts Limited ('the Company') was incorporated on 16th November 1995 under the Companies and Allied Matters Act 1990 as a private limited liability company. The Company was granted a license on 14th of August 1996 to operate as a Discount house.

The Company has three subsidiaries as analyzed below:

	Country of incorporation	Percentage holding
CDL Assets Management Limited	Nigeria	90.00%
CDL Capital Market Limited	Nigeria	62.80%
CDL Properties Limited	Nigeria	100.00%

2 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		Assets Management		Total	
	31-Dec-2010 N'000	31-Dec-2009 N'000	31-Dec-2010 N'000	31-Dec-2009 N'000	31-Dec-2010 N'000	31-Dec-2009 N'000
Revenue:						
Derived from external Customers:	12,029,039	7,021,556	2,438,000	1,634,215	14,467,039	8,655,771
Inter segment income	7,981	162,075	(7,981)	(162,075)	-	-
Total revenue	12,037,020	7,183,631	2,430,019	1,472,140	14,467,039	8,655,771
Discount expenses	(4,139,087)	(4,091,056)	(2,059,211)	(1,316,552)	(6,198,298)	(5,407,608)
Net trading income	7,897,933	3,092,575	370,808	155,588	8,268,741	3,248,163
Expenses:						
Operating expenses	(2,619,790)	(1,000,973)	(160,330)	(68,782)	(2,780,120)	(1,069,755)
Allowance for risk assets	68,802	-	(31,117)	(28,115)	37,685	(28,115)
Depreciation	(59,512)	(38,170)	(17,583)	(10,815)	(77,095)	(48,985)
Total expenses	(2,610,500)	(1,039,143)	(209,030)	(107,712)	(2,819,530)	(1,146,855)
Profit before taxation	5,287,433	2,053,432	161,778	47,876	5,449,211	2,101,308
Assets and Liabilities:						
Total assets	103,590,081	96,416,345	6,591,626	2,147,229	110,181,707	98,563,574
Total liabilities	(86,456,529)	(82,017,708)	(5,672,406)	(1,693,552)	(92,128,935)	(83,711,260)
Non -controlling interest	-	-	(147,701)	(41,349)	(147,701)	(41,349)
Consolidation entries				-	(337,005)	(180,000)
Net assets	17,133,552	14,398,637	771,519	412,328	17,568,066	14,630,965

3 Securities income

Securities income comprises:

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Income from treasury bills	487,951	384,676	487,951	384,676
Income from commercial bills	9,973,936	6,354,868	7,565,484	4,930,459
Discount income on FGN bonds	2,817,028	806,161	2,817,028	806,161
Trading income from bonds	1,030,431	945,074	1,030,431	945,074
Commissions on bond trading	126,411	71,709	126,411	71,709
	<u>14,435,757</u>	<u>8,562,488</u>	<u>12,027,305</u>	<u>7,138,079</u>

4 Other income

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Other income	31,282	93,283	9,715	45,552
	<u>31,282</u>	<u>93,283</u>	<u>9,715</u>	<u>45,552</u>

5 Securities discount expenses

Securities expenses comprises:

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Treasury bills	197,419	249,941	197,419	249,941
Secured placement	6,000,879	5,157,667	3,941,668	3,841,115
	<u>6,198,298</u>	<u>5,407,608</u>	<u>4,139,087</u>	<u>4,091,056</u>

6 Operating expenses

Operating expenses comprise the following:

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Staff salaries and allowances (See note 26 (b))	1,018,285	500,891	962,550	461,882
Depreciation (See note 15 below)	77,095	48,985	59,512	38,170
Training cost	87,604	11,413	82,536	11,413
Office lighting, repairs & maintenance	123,244	55,076	119,353	55,076
Insurance, transport and traveling	178,141	67,141	173,343	67,141
Professional fees & subscription	61,892	18,391	60,273	18,391
Entertainment	49,521	27,933	49,521	27,933
Revaluation loss	-	28,115	-	-
NITDA levy	52,874	21,261	52,874	20,781
Other operating expenses	1,208,559	339,534	1,119,340	338,356
	<u>2,857,215</u>	<u>1,118,740</u>	<u>2,679,302</u>	<u>1,039,143</u>

7 Taxation payable

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

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Balance, beginning of period	1,313,529	1,585,736	1,279,804	1,549,776
Charge for the period (See note (b) below)	601,598	146,718	549,011	132,244
Payments during the period	<u>(1,139,019)</u>	<u>(418,925)</u>	<u>(1,121,519)</u>	<u>(402,216)</u>
Balance, end of period	<u><u>776,108</u></u>	<u><u>1,313,529</u></u>	<u><u>707,296</u></u>	<u><u>1,279,804</u></u>

(b) The taxation charge for the period comprises:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Company income tax	566,074	137,117	513,487	123,606
Education tax	<u>35,524</u>	<u>9,601</u>	<u>35,524</u>	<u>8,638</u>
	601,598	146,718	549,011	132,244
Deferred tax:				
Reversal (See note 12(b))	-	(2,313)	-	-
Tax credit (See note 12(a))	<u>(82,303)</u>	<u>(38,360)</u>	<u>(82,303)</u>	<u>(38,360)</u>
	<u><u>519,295</u></u>	<u><u>106,045</u></u>	<u><u>466,708</u></u>	<u><u>93,884</u></u>

(c) The income tax has been computed at the current rate of 30% (December 2009: 30%) of taxable profit for the period, education tax at the rate of 2% (December 2009: 2%) on assessable profit for the period after adjusting for certain items of expenditure and income which are not deductible or taxable for tax purposes.

8 Cash and bank balances

Cash and bank balances comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Cash in hand	35	35	20	20
Due from Central Bank of Nigeria	-	511,000	-	511,000
Balances held with banks in Nigeria	<u>284,372</u>	<u>214,696</u>	<u>257,561</u>	<u>162,413</u>
	284,407	725,731	257,581	673,433
Less: provision for cash and bank balances	<u>(620)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>283,787</u></u>	<u><u>725,731</u></u>	<u><u>257,581</u></u>	<u><u>673,433</u></u>

9 Treasury bills

Treasury bills comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Treasury bills	33,190,346	21,519,808	33,190,346	21,519,808
Less:				
Unearned income	(1,067,425)	(520,180)	(1,067,425)	(520,180)
	<u>32,122,921</u>	<u>20,999,628</u>	<u>32,122,921</u>	<u>20,999,628</u>

10 Investment securities

Investment securities comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Commercial bills (See note (a) below)	28,282,500	27,865,325	28,332,610	26,760,004
Trading securities (See note (b) below)	7,651,422	29,479,740	7,515,443	29,435,934
Short term investments (See note (c) below)	10,741,607	4,921,010	9,807,705	4,671,010
Long term investment (See note (d) below)	23,163,045	11,291,589	23,144,295	11,291,589
	<u>69,838,573</u>	<u>73,557,664</u>	<u>68,800,052</u>	<u>72,158,537</u>

(a) The analysis of commercial bills as at end of period was as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Commercial bills	30,686,426	30,327,985	30,692,755	29,211,499
Provision for risk assets				
- Specific (See note (ai) below)	(24,750)	(116,100)	(24,750)	(116,100)
- General (See note (ai) below)	(2,363,208)	(2,330,592)	(2,319,427)	(2,319,427)
- Interest in suspense (See note (aii) below)	(15,968)	(15,968)	(15,968)	(15,968)
	<u>(2,403,926)</u>	<u>(2,462,660)</u>	<u>(2,360,145)</u>	<u>(2,451,495)</u>
	<u>28,282,500</u>	<u>27,865,325</u>	<u>28,332,610</u>	<u>26,760,004</u>

i The movement on allowance for commercial bills was as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Specific allowance:				
Balance, beginning of period	116,100	116,100	116,100	116,100
Write back during the period	(91,350)	-	(91,350)	-
Balance, end of period	<u>24,750</u>	<u>116,100</u>	<u>24,750</u>	<u>116,100</u>
General allowance:				
Balance, beginning of period	2,330,592	2,368,662	2,319,427	2,319,427
Allowance during the period	32,617	-	-	-
Write back during the period	-	(38,070)	-	-
Balance, end of period	<u>2,363,209</u>	<u>2,330,592</u>	<u>2,319,427</u>	<u>2,319,427</u>

ii The movement on interest in suspense account is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Interest in suspense:				
Balance, beginning of period	15,968	15,968	15,968	15,968
Released during the period	-	-	-	-
Balance, end of period	<u>15,968</u>	<u>15,968</u>	<u>15,968</u>	<u>15,968</u>

iii Analysis of performance by gross value of commercial bills was as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Performing	30,644,674	30,195,917	30,652,037	29,079,431
Non-performing				
- Lost	25,784	116,100	24,750	116,100
- Interest in suspense	15,968	15,968	15,968	15,968
	<u>30,686,426</u>	<u>30,327,985</u>	<u>30,692,755</u>	<u>29,211,499</u>

(b) Trading securities comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
3 rd FGN Bond 2011 Series 13 (12.99%)	206,691	206,620	206,691	206,620
3 rd FGN Bond 2013 Series 10 (16.00%)	-	-	-	-
3 rd FGN Bond 2013 Series 15 (10.98%)	-	-	-	-
4 th FGN Bond 2010 Series 1 (10.75%)	-	104,653	-	104,653
4 th FGN Bond 2012 Series 2 (9.50%)	103,410	413,534	103,410	413,534
4 th FGN Bond 2010 Series 4 (9.00%)	-	203,353	-	203,353
4 th FGN Bond 2010 Series 7 (7.95%)	-	103,420	-	103,420
4 th FGN Bond 2010 Series 12 (10.75%)	-	101,266	-	101,266
4 th FGN Bond 2012 Series 10 (9.50%)	258,003	1,496,042	258,003	1,496,042
4 th FGN Bond 2012 Series 5 (9.23%)	201,871	4,137,324	201,871	4,137,324
4 th FGN Bond 2014 Series 3 (10.75%)	359,587	359,484	359,587	359,484
4 th FGN Bond 2014 Series 6 (9.20%)	300,227	1,400,706	300,227	1,400,706
4 th FGN Bond 2010 Series 13(9.20%)	-	554,298	-	554,298
4 th FGN Bond 2014 Series 11(9.25%)	1,689,724	563,102	1,689,724	563,102
4 th FGN Bond 2017 Series 9 (9.35%)	206,302	2,268,754	206,302	2,268,754
5 th FGN Bond 2013 Series 1 (9.45%)	104,142	1,662,551	104,142	1,662,551
5 th FGN Bond 2011 Series 3 (10.50%)	627,616	627,443	627,616	627,443
5 th FGN Bond 2013 Series 4 (10.50%)	24,359	1,942,389	24,359	1,942,389
5 th FGN Bond 2028 Series 5 (15.00%)	608,384	101,356	608,384	101,356
5 th FGN Bond 2018 Series 2 (10.70%)	605,628	1,917,267	605,628	1,917,267
6 th FGN Bond 2012 Series 1 (9.92%)	-	833,483	-	833,483
6 th FGN Bond 2012 Series 2 (10.50%)	-	3,539,267	-	3,539,267
6 th FGN Bond 2029 Series 3 (12.49%)	101,369	2,634,698	101,369	2,634,698
6 th FGN Bond 2019 Series 4 (7.00%)	304,027	1,872,301	304,027	1,872,301
6 th FGN Bond 2018 Series 2 (10.70%)	-	-	-	-
6 th FGN Bond 2029 Series 5 (8.50%)	700,979	409,315	700,979	409,315
7 th FGN Bond 2015 Series 2 (4.00%)	702,302	-	702,302	-
7 th FGN Bond 2030 Series 3 (10.00%)	208,877	-	208,877	-
	<u>7,313,497</u>	<u>27,452,626</u>	<u>7,313,497</u>	<u>27,452,626</u>
Investment in securities of quoted companies	283,459	192,258	-	-
	<u>7,596,956</u>	<u>27,644,884</u>	<u>7,313,497</u>	<u>27,452,626</u>
Revaluation gain/(Loss)	54,466	1,834,856	201,946	1,983,308
	<u><u>7,651,422</u></u>	<u><u>29,479,740</u></u>	<u><u>7,515,443</u></u>	<u><u>29,435,934</u></u>

(c) Short-term investments comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
3rd FGN Bond 2011 Series 3 (14.50%)	912,988	-	912,988	-
3rd FGN Bond 2011 Series 13 (12.99%)	8,490,878	-	8,490,878	-
4th FGN Bond 2010 Series 1 (10.75%)	-	1,815,048	-	1,815,048
4th FGN Bond 2010 Series 4 (9.00%)	-	1,486,647	-	1,486,647
4th FGN Bond 2010 Series 7 (7.95%)	-	310,259.00	-	310,259.00
4th FGN Bond 2010 Series 12 (7.00%)	-	556,962.00	-	556,962.00
4th FGN Bond 2010 Series 14 (8.99%)	-	502,094	-	502,094
5th FGN Bond 2011 Series 3 (10.50%)	403,839	-	403,839	-
	<u>9,807,705</u>	<u>4,671,010</u>	<u>9,807,705</u>	<u>4,671,010</u>
Placements with banks	933,902	250,000	-	-
	<u><u>10,741,607</u></u>	<u><u>4,921,010</u></u>	<u><u>9,807,705</u></u>	<u><u>4,671,010</u></u>

The short term investments represent the cost of FGN Bonds which were transferred from long term investment to short term investment based on maturity dates. These were transferred at cost as there was no market value for the bond series (Market Value @ December 2009 : N4,728,323,472)

(d) Long-term investments

(i) Long-term investments comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Quoted bonds				
3rd FGN Bond 2011 Series 3 (14.50%)	-	951,938	-	951,938
3rd FGN Bond 2011 Series 13 (12.99%)	-	309,929	-	309,929
3rd FGN Bond 2013 series 14 (12.74%)	204,607	204,538	204,607	204,538
3rd FGN Bond 2013 Series 15 (10.98%)	505,716	505,565	505,716	505,565
3rd FGN Bond 2013 series 16 (11.99%)	59,199	59,179	59,199	59,179
4th FGN Bond 2010 Series 7 (7.95%)	-	-	-	-
4th FGN Bond 2010 Series 12 (7.00%)	-	-	-	-
4th FGN Bond 2010 Series 14 (8.99%)	-	-	-	-
4th FGN Bond 2012 Series 2 (9.50%)	361,263	361,842	361,263	361,842
4th FGN Bond 2012 Series 5 (9.23%)	520,945	519,688	520,945	519,688
4th FGN Bond 2012 Series 10 (9.50%)	104,070	103,175	104,070	103,175
4th FGN Bond 2014 Series 3 (10.75%)	319,011	308,129	319,011	308,129
4th FGN Bond 2014 Series 6 (9.20%)	697,458	700,353	697,458	700,353
4th FGN Bond 2014 Series 11 (9.25%)	1,481,156	511,911	1,481,156	511,911
4th FGN Bond 2017 Series 9 (9.35%)	1,456,585	1,303,076	1,456,585	1,303,076
5th FGN Bond 2011 Series 3 (10.50%)	-	402,816	-	402,816
5th FGN Bond 2013 Series 1 (9.45%)	1,780,747	1,825,703	1,780,747	1,825,703
5th FGN Bond 2013 Series 4 (10.50%)	2,625,461	394,774	2,625,461	394,774
5th FGN Bond 2018 Series 2 (10.70%)	217,701	230,072	217,701	230,072
5th FGN Bond 2028 Series 5 (15.00%)	-	-	-	-
6th FGN Bond 2012 Series 1 (9.92%)	208,425	208,371	208,425	208,371
6th FGN Bond 2029 Series 3 (12.49%)	2,454,952	506,673	2,454,952	506,673
6th FGN Bond 2029 Series 5 (8.50%)	2,114,132	-	2,114,132	-
6th FGN Bond 2012 Series 2 (10.50%)	1,930,937	328,646	1,930,937	328,646
6th FGN Bond 2019 Series 4 (7.00%)	3,139,537	1,555,145	3,139,537	1,555,145
7th FGN Bond 2013 Series 1 (5.50%)	1,595,088	-	1,595,088	-
Lagos State Government Bond Series 1 (13.00%)	210,329	-	210,329	-
Lagos State Government Bond Series 2 (10.00%)	624,408	-	624,408	-
Bayelsa State Government Bond Series 1 (13.75%)	532,503	-	532,503	-
	<u>23,144,229</u>	<u>11,291,523</u>	<u>23,144,229</u>	<u>11,291,523</u>
Unquoted investments				
Unquoted securities	18,750	-	-	-
Investment in Nigeria Inter – Bank Settlement System Plc	66	66	66	66
	<u>23,163,045</u>	<u>11,291,589</u>	<u>23,144,295</u>	<u>11,291,589</u>

(ii) The market value of the long term investments in FGN Bonds at the balance sheet date was N21,989,879,051 (December 2009: ₦11,334,825,182).

(iii) There were no pledged bonds as at period end. (December 2009: Nil)

(iv) The movement in long-term investments was as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	11,291,589	10,704,941	11,291,589	10,884,941
Additions during the period	13,596,940	3,395,589	13,578,190	3,395,589
Disposals during the period	(1,725,484)	(2,808,941)	(1,725,484)	(2,808,941)
Reclassification to investment in subsidiary	-	-	-	(180,000)
Balance, end of period	<u>23,163,045</u>	<u>11,291,589</u>	<u>23,144,295</u>	<u>11,291,589</u>

11 Investment in subsidiary companies

(a) Investment in subsidiary companies comprise of:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
CDL Assets Management Limited (Note (b) below) (90% holdings)	-	-	180,000	180,000
CDL Capital Market Limited (62.8% holdings)	-	-	157,005	-
CDL Properties Limited (100% holdings)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>337,005</u>	<u>180,000</u>

(b) Investment in CDL Assets Management Company Limited represents the Company's shareholding in the 200,000,000 (December 2009: 200,000,000) Ordinary shares of the company.

Investment in CDL Capital Markets Limited represents the Company's shareholding in the 250,000,000 (December 2009: Nil) Ordinary shares of the company.

(c) All the subsidiary companies were incorporated in Nigeria. Only the results of CDL Asset Management Limited and CDL Capital Markets Limited were consolidated with the Company as CDL Properties was yet to commence operations as at period end. The condensed financial statements of the consolidated entities are included in Note d below

(di) Principal subsidiary undertakings:
31-Dec-10

Country of incorporation	Company name	Nature of business	Percentage of equity capital held	Year end consolidated
Nigeria	CDL Asset Management	Assets management	90.00%	31-Dec-10
Nigeria	CDL Capital Markets	Stock broking and assets management	62.80%	31-Dec-10

(ii) Condensed results of consolidated entities

	Group Consolidated position	Elimination	Consolidated Discounts Limited 31-Dec-10 N'000	CDL Asset Management Limited 31-Dec-10 N'000	CDL Capital Markets Limited 31-Dec-10 N'000
Condensed profit and loss					
Operating income	8,268,741	-	7,897,933	370,808	-
Operating expenses	(2,857,215)	(24,376)	(2,679,302)	(153,537)	-
Diminution in risk asset value	37,685	-	68,802	(31,117)	-
Profit before taxation	5,449,211	(24,376)	5,287,433	186,154	-
Taxation	(519,295)	-	(466,708)	(52,587)	-
Profit after taxation	4,929,916	(24,376)	4,820,725	133,567	-

Condensed financial position

Assets:

Cash and bank balances	283,787	-	257,581	23,399	2,807
Treasury bills	32,122,921	-	32,122,921	-	-
Investment securities	69,838,573	(4,205,781)	68,800,052	5,090,187	154,115
Investment in subsidiary companies	-	(337,005)	337,005	-	-
Deferred taxation	918,810	-	918,810	-	-
Other Assets	310,404	(51,981)	169,596	75,218	117,571
Investment property	1,125,726	-	-	1,125,726	-
Property and equipment	1,011,095	-	984,116	23,667	3,312
	105,611,316	(4,594,767)	103,590,081	6,338,197	277,805

Financed by

Secured Placements	85,382,178	(4,205,781)	83,940,273	5,647,686	-
Taxation payable	776,108	-	707,296	68,812	-
Other liabilities	825,783	(28,686)	754,704	71,960	27,805
Deferred taxation	3,844	-	-	3,844	-
Retirement benefit obligations	1,055,337	1,081	1,054,256	-	-
Equity and reserves	17,568,066	(361,381)	17,133,552	545,895	250,000
	105,611,316	(4,594,767)	103,590,081	6,338,197	277,805

Condensed financial position

Net cash flow from operating activities	13,052,167	(114,564)	12,005,194	1,178,520	(16,984)
Net cash flow from financing activities	(350,000)	(157,005)	(350,000)	-	157,005
Net cash flow from investing activities	(12,459,589)	271,570	(12,071,047)	(656,799)	(3,312)
	242,578	-	(415,852)	521,721	136,709

(ii) **Condensed results of consolidated entities**
31-Dec-09

	Group Consolidated position	Elimination	Consolidated Discounts Limited	CDL Asset Management Limited	CDL Capital Markets Limited
	31-Dec-09 N'000		31-Dec-09 N'000	31-Dec-09 N'000	31-Dec-09 N'000
Condensed profit and loss					
Operating income	3,248,163	-	3,092,575	155,588	-
Operating expenses	(1,118,740)	-	(1,039,143)	(79,597)	-
Diminution in risk asset value	(28,115)	-	-	(28,115)	-
Profit before taxation	<u>2,101,308</u>	<u>-</u>	<u>2,053,432</u>	<u>47,876</u>	<u>-</u>
Taxation	(106,045)	-	(93,884)	(12,161)	-
Profit after taxation	<u><u>1,995,263</u></u>	<u><u>-</u></u>	<u><u>1,959,548</u></u>	<u><u>35,715</u></u>	<u><u>-</u></u>
Condensed Financial position					
<i>Assets:</i>					
Cash and bank balances	725,731	-	673,433	52,298	-
Treasury bills	20,999,628	-	20,999,628	-	-
Investment securities	73,557,664	-	72,158,537	1,399,127	-
Investment in subsidiary companies	-	(180,000)	180,000	-	-
Deferred taxation	836,507	-	836,507	-	-
Other Assets	638,261	-	585,948	52,313	-
Investment property	618,460	-	-	618,460	-
Property and equipment	1,007,323	-	982,292	25,031	-
	<u>98,383,574</u>	<u>(180,000)</u>	<u>96,416,345</u>	<u>2,147,229</u>	<u>-</u>
<i>Financed by:</i>					
Secured Placements	81,174,777	-	79,510,917	1,663,860	-
Taxation payable	1,313,529	-	1,279,804	33,725	-
Other liabilities	455,916	(2,916)	425,360	33,472	-
Deferred taxation	3,844	-	-	3,844	-
Retirement benefit obligations	804,543	2,916	801,627	-	-
Equity and reserves	14,630,965	(180,000)	14,398,637	412,328	-
	<u>98,383,574</u>	<u>(180,000)</u>	<u>96,416,345</u>	<u>2,147,229</u>	<u>-</u>
Condensed financial position					
Net cash flow from operating activities	2,108,002	-	1,246,908	861,094	-
Net cash flow from financing activities	(300,000)	-	(300,000)	-	-
Net cash flow from investing activities	(1,263,893)	-	(645,433)	(618,460)	-
	<u>544,109</u>	<u>-</u>	<u>301,475</u>	<u>242,634</u>	<u>-</u>

12 Deferred taxation

(a) Assets

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	836,507	798,147	836,507	798,147
Credit during the period (See note 7(b))	<u>82,303</u>	<u>38,360</u>	<u>82,303</u>	<u>38,360</u>
Balance, end of period	<u><u>918,810</u></u>	<u><u>836,507</u></u>	<u><u>918,810</u></u>	<u><u>836,507</u></u>

(b) Liabilities

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	3,844	6,157	-	-
Reversal during the period (See note 7)	<u>-</u>	<u>(2,313)</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u><u>3,844</u></u>	<u><u>3,844</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Assets				
Fixed assets	20,183	32,391	20,183	32,391
Provision for gratuity	(243,165)	(173,070)	(243,165)	(173,070)
General allowance for risk assets	<u>(695,828)</u>	<u>(695,828)</u>	<u>(695,828)</u>	<u>(695,828)</u>
	<u><u>(918,810)</u></u>	<u><u>(836,507)</u></u>	<u><u>(918,810)</u></u>	<u><u>(836,507)</u></u>
Liabilities				
Fixed assets	3,844	3,844	-	-
General allowance for risk assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>3,844</u></u>	<u><u>3,844</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

13 Other assets

(a) Other assets comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Interest receivable	31,929	548,910	-	523,703
Prepayments	47,610	22,053	16,325	20,289
Staff loans	236,972	134,487	225,018	120,387
Other receivables	118,510	35,408	52,870	23,638
	<u>435,021</u>	<u>740,858</u>	<u>294,213</u>	<u>688,017</u>
Allowance for doubtful balances (see note b below)	<u>(124,617)</u>	<u>(102,597)</u>	<u>(124,617)</u>	<u>(102,069)</u>
	<u><u>310,404</u></u>	<u><u>638,261</u></u>	<u><u>169,596</u></u>	<u><u>585,948</u></u>

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	102,597	110,527	102,069	102,069
Allowance made during the period	22,548	-	22,548	-
Allowance no longer required	(528)	(7,930)	-	-
Balance, end of period	<u><u>124,617</u></u>	<u><u>102,597</u></u>	<u><u>124,617</u></u>	<u><u>102,069</u></u>

14 Investment property

Investment property comprises investments made by the Group in landed property which are held for investment purposes.

(a) The movement in investment property was as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	618,460	-	-	-
Additions and capital improvements	507,266	618,460	-	-
Balance, end of ,period	<u><u>1,125,726</u></u>	<u><u>618,460</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(b) In 2009, the Group acquired a building located at 67 Marina, Lagos. During the year, the Group commenced the acquisition of some housing units at Villagio Vista Condominium, Ghana in partnership with Metropolis Development Company Limited.

The properties have been bought for investment purposes and are not occupied substantially by the Group. They are not subjected to periodic charges for depreciation. and the directors are of the opinion that cost approximated the market value as at 31 December 2010.

(c) The properties are to be independently valued at least once every three years on the basis of the open market value.

15(a) Property and equipment (Group)

Cost	Furniture and fittings N' 000	Office equipment N' 000	Motor vehicles N' 000	Computer equipment N' 000	Work in progress N' 000	Total N' 000
Balance at 1 January 2010	126,258	111,602	232,606	162,191	843,982	1,476,639
Additions	7,477	16,915	33,386	7,448	15,641	80,867
Disposal in the year	-	-	(5,710)	-	-	(5,710)
Transfer	-	907	-	-	(907)	-
	<u>133,735</u>	<u>129,424</u>	<u>260,282</u>	<u>169,639</u>	<u>858,716</u>	<u>1,551,796</u>
Accumulated depreciation						
Balance at 1 January 2010	91,785	76,343	157,783	143,405	-	469,316
Charge for the year	15,175	12,960	35,819	13,141	-	77,095
Disposal in the year	-	-	(5,710)	-	-	(5,710)
Balance at 31 December 2010	<u>106,960</u>	<u>89,303</u>	<u>187,892</u>	<u>156,546</u>	<u>-</u>	<u>540,701</u>
Net book value						
At 31 December, 2010	<u>26,775</u>	<u>40,121</u>	<u>72,390</u>	<u>13,093</u>	<u>858,716</u>	<u>1,011,095</u>
At 1 January, 2010	<u>34,473</u>	<u>35,259</u>	<u>74,823</u>	<u>18,786</u>	<u>843,982</u>	<u>1,007,323</u>

- i. No leased assets are included in the above fixed assets account (December 2009:Nil)
ii. The Group had no capital commitments as at the balance sheet date (December 2009: Nil)

15(b) Property and equipment - Company

Cost	Furniture and fittings N' 000	Office equipment N' 000	Motor vehicles N' 000	Computer equipment N' 000	Work in progress N' 000	Total N' 000
Balance at 1 January 2010	94,738	105,172	218,318	130,636	843,982	1,392,846
Additions	5,888	15,141	18,000	6,666	15,641	61,336
Transfer	-	907	-	-	(907)	-
Balance at 31 December 2010	<u>100,626</u>	<u>121,220</u>	<u>236,318</u>	<u>137,302</u>	<u>858,716</u>	<u>1,454,182</u>
Accumulated depreciation						
Balance at 1 January 2010	69,429	73,806	147,080	120,239	-	410,554
Charge for the year	8,869	11,641	32,124	6,878	-	59,512
Balance at 31 December 2010	<u>78,298</u>	<u>85,447</u>	<u>179,204</u>	<u>127,117</u>	<u>-</u>	<u>470,066</u>
Net book value						
Balance at 31 December 2010	<u>22,328</u>	<u>35,773</u>	<u>57,114</u>	<u>10,185</u>	<u>858,716</u>	<u>984,116</u>
Balance at 1 January 2010	<u>25,308</u>	<u>31,366</u>	<u>71,238</u>	<u>10,397</u>	<u>843,982</u>	<u>982,292</u>

- i. No leased assets are included in the above fixed assets account (December 2009:Nil)
ii. The Company had no capital commitments as at the balance sheet date (December 2009: Nil)

16 Secured placements

(a) Secured placements comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Call takings	117,838	264,992	67,775	228,478
Term deposits	<u>85,264,340</u>	<u>80,909,785</u>	<u>83,872,498</u>	<u>79,282,439</u>
	<u><u>85,382,178</u></u>	<u><u>81,174,777</u></u>	<u><u>83,940,273</u></u>	<u><u>79,510,917</u></u>

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

Under 1 month	78,235,453	72,985,775	82,441,234	72,985,775
1 – 3 months	7,111,325	8,084,303	1,472,039	6,420,443
3 – 6 months	25,051	91,700	16,651	91,700
6 – 12 months	<u>10,349</u>	<u>12,999</u>	<u>10,349</u>	<u>12,999</u>
	<u><u>85,382,178</u></u>	<u><u>81,174,777</u></u>	<u><u>83,940,273</u></u>	<u><u>79,510,917</u></u>

17 Other liabilities

Other liabilities comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Discount payable	175,017	180,087	135,190	160,055
Accrued expenses	219,382	93,623	188,915	86,800
Other accounts payable	<u>431,384</u>	<u>182,206</u>	<u>430,599</u>	<u>178,505</u>
	<u><u>825,783</u></u>	<u><u>455,916</u></u>	<u><u>754,704</u></u>	<u><u>425,360</u></u>

18 Retirement benefit obligations

(a) The retirement benefit obligations comprise:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Defined benefit schemes (See note (b) below)	794,381	560,734	794,381	560,734
Defined contribution schemes (See (c) below)	<u>260,956</u>	<u>243,809</u>	<u>259,875</u>	<u>240,893</u>
	<u><u>1,055,337</u></u>	<u><u>804,543</u></u>	<u><u>1,054,256</u></u>	<u><u>801,627</u></u>

(b) *Defined benefit schemes*

The movement in this account is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	560,734	425,630	560,734	425,630
Charge for the period	259,823	135,104	259,823	135,104
Payment during the period	(26,176)	-	(26,176)	-
Balance, end of period	<u>794,381</u>	<u>560,734</u>	<u>794,381</u>	<u>560,734</u>

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 periods in line with the provisions of Statement of Accounting Standard number 8 on Employees Retirement Benefits. A total of N40,172,223 (December 2009 : N23,433,797) of this cost representing the amount due for the twelve-month period has been charged to the current period's profit and loss account. The outstanding balance as at period end is N16,738,426 (December 2009: N56,910,649).

(c)(i) *Defined contribution schemes*

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Pension contribution payable (see note c(ii) below)	1,081	28,102	-	25,186
Insurance contribution payable (see note c(iii) below)	259,875	215,707	259,875	215,707
	<u>260,956</u>	<u>243,809</u>	<u>259,875</u>	<u>240,893</u>

(ii) The movement in the defined contribution liability recognized is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	28,102	32,161	25,186	31,000
Charge for the period	126,090	78,366	111,465	69,854
Contribution remitted	(153,111)	(82,425)	(136,651)	(75,668)
Balance, end of period	<u>1,081</u>	<u>28,102</u>	<u>-</u>	<u>25,186</u>

The Group and its employees make a joint contribution of 22.5% and 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal Pension Fund Administrators.

(iii) The movement in the defined insurance contribution liability recognized is as follows:

	Group	Group	Company	Company
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	N'000	N'000	N'000	N'000
Balance, beginning of period	215,707	171,190	215,707	171,190
Charge for the period	44,168	44,517	44,168	44,517
Balance, end of period	<u>259,875</u>	<u>215,707</u>	<u>259,875</u>	<u>215,707</u>

The Company and its employees make a joint contribution of 12.5% and 5.0% of annual basic salary, housing and transport allowance to the scheme. The Company was yet to remit the contribution made till date as it was yet to choose an insurance company that will manage the fund.

19 Dividend payable

The movement in this account during the period is as follows:

	Group	Group	Company	Company
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	N'000	N'000	N'000	N'000
Balance, beginning of period	-	-	-	-
Dividend declared	350,000	300,000	350,000	300,000
Payments during the period	<u>(350,000)</u>	<u>(300,000)</u>	<u>(350,000)</u>	<u>(300,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Share capital

	Group	Group	Company	Company
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	N'000	N'000	N'000	N'000
(a) Share capital comprises:				
Authorized 4,000,000,000 Ordinary shares of N1 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid 4,000,000,000 Ordinary shares of N1 each (31 December 2009: N3,500,000,000)	<u>4,000,000</u>	<u>3,500,000</u>	<u>4,000,000</u>	<u>3,500,000</u>

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

	Group	Group	Company	Company
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	N'000	N'000	N'000	N'000
Balance, beginning of period	4,000,000	3,000,000	4,000,000	3,000,000
Increase during the period	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Balance, end of period	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	3,500,000	3,000,000	3,500,000	3,000,000
Bonus shares capitalized (see note 22)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Balance, end of period	<u><u>4,000,000</u></u>	<u><u>3,500,000</u></u>	<u><u>4,000,000</u></u>	<u><u>3,500,000</u></u>

(d) The Company at its fourteenth annual general meeting held on 25th June 2010 approved the transfer and capitalization of N500 million (December 2009: N500 million) from the Bonus reserve account at the rate of 1 new ordinary share for every 7 (December 2009: 1 for 7) ordinary shares held. Regulatory approvals were obtained during the period.

21 Statutory reserve

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	2,177,756	1,883,824	2,177,756	1,883,824
Transfer from profit and loss account	<u>723,109</u>	<u>293,932</u>	<u>723,109</u>	<u>293,932</u>
Balance, end of period	<u><u>2,900,865</u></u>	<u><u>2,177,756</u></u>	<u><u>2,900,865</u></u>	<u><u>2,177,756</u></u>

In accordance with existing legislation, 15% (December 2009 : 15%) of profit after taxation has been transferred to statutory reserves.

22 Reserve for bonus issue

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	500,000	500,000	500,000	500,000
Amount capitalized in the period	(500,000)	(500,000)	(500,000)	(500,000)
Transfer, from retained earning (see note 24)	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Balance, end of period	<u><u>-</u></u>	<u><u>500,000</u></u>	<u><u>-</u></u>	<u><u>500,000</u></u>

23 Revaluation reserve

The movement on this account is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	1,937,756	-	1,937,756	-
Revaluation surplus/(loss) during the period	-	1,983,308	-	1,983,308
Write back of prior revaluation gain/loss (see Note (10b))	(1,735,810)	(45,552)	(1,735,810)	(45,552)
Balance, end of period	<u>201,946</u>	<u>1,937,756</u>	<u>201,946</u>	<u>1,937,756</u>

Revaluation reserve represents revaluation gain from the mark to market of trading bonds.

24 Retained earnings

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

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	6,474,104	5,576,461	6,283,125	5,417,509
Transfer from profit and loss account	4,193,451	1,697,643	4,097,616	1,665,616
Transfer to reserve for bonus issue (see note 22)	-	(500,000)	-	(500,000)
Dividend paid during the period	(350,000)	(300,000)	(350,000)	(300,000)
Balance, end of period	<u>10,317,555</u>	<u>6,474,104</u>	<u>10,030,741</u>	<u>6,283,125</u>

25 Non-controlling interest

The movement on non-controlling interest is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	41,349	37,661	-	-
Funds contributed during the year	92,995	-	-	-
Share of profit	13,357	3,688	-	-
Balance, end of period	<u>147,701</u>	<u>41,349</u>	<u>-</u>	<u>-</u>

26 Supplementary profit and loss information

(a) **General:**

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

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Diminution in risk assets value:				
- General allowance on commercial bills	31,117	28,115	-	-
- Allowance on other assets	22,548	-	22,548	-
- Allowance no longer required	(91,350)	-	(91,350)	-
	<u>(37,685)</u>	<u>28,115</u>	<u>(68,802)</u>	<u>-</u>
Depreciation	77,095	48,985	59,512	38,170
Auditors' remuneration	24,478	21,000	20,978	17,500

(b) Staff and directors' costs:

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

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Wages and salaries	580,408	236,443	535,643	205,946
Other pension costs	178,054	129,344	167,084	120,832
Gratuity	259,823	135,104	259,823	135,104
	<u>1,018,285</u>	<u>500,891</u>	<u>962,550</u>	<u>461,882</u>

ii employed by the Company during the period

	Group 12 months to 31-Dec-10	Group 7 months to 31-Dec-09	Company 12 months to 31-Dec-10	Company 7 months to 31-Dec-09
Management staff	27	26	23	22
Senior staff	35	33	32	29
Junior staff	12	11	5	5
	<u>74</u>	<u>70</u>	<u>60</u>	<u>56</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 12 months to 31-Dec-10	Group 7 months to 31-Dec-09	Company 12 months to 31-Dec-10	Company 7 months to 31-Dec-09
₦ 90,001 - ₦ 100,000	1	1	1	1
₦ 100,001 - ₦ 250,000	3	3	3	3
₦ 250,001 - ₦ 300,000	7	7	7	7
₦ 300,001 - ₦ 400,000	15	15	11	11
₦ 400,001 - ₦ 550,000	17	17	15	13
₦ 550,001 - ₦1,100,000	11	7	7	5
₦1,100,001 - ₦1,300,000	15	13	11	10
₦1,300,001 - ₦1,500,000	5	7	5	6
	<u>74</u>	<u>70</u>	<u>60</u>	<u>56</u>

(c) Directors' emoluments

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

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Fees as directors	825	1,100	-	-
Other emoluments	20,586	9,488	9,025	5,375
	<u>21,411</u>	<u>10,588</u>	<u>9,025</u>	<u>5,375</u>

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

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Chairman	<u>625</u>	<u>625</u>	<u>625</u>	<u>625</u>
Highest paid director	<u>1,575</u>	<u>1,575</u>	<u>1,575</u>	<u>1,575</u>

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

	Group Dec-10	Group Dec-09	Company Dec-10	Company Dec-09
₦1,000,001 - ₦2,000,000	<u>6</u>	<u>7</u>	<u>6</u>	<u>7</u>

27 Earnings and dividend per share

Earnings and declared dividend per share have been computed on the profit after taxation for the period and weighted average number of ordinary shares of 4,000,000,000 (December 2009:3,500,000,000) in issue during the period and on dividend and the number of shares qualifying for the dividend.

Adjusted earnings per share have been computed based on profit after taxation and the Ordinary shares of 4,000,000,000 after taking into consideration the bonus issue during the period.

28 Cash and cash equivalents

(a) For purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances and placements with banks:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Cash and bank balances (See note 8)	284,407	725,731	257,581	673,433
Placements with banks (See note 10(c))	933,902	250,000	-	-
	<u>1,218,309</u>	<u>975,731</u>	<u>257,581</u>	<u>673,433</u>

(b) The movement in cash and cash equivalents is as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Balance, beginning of period	975,731	431,622	673,433	371,958
Net cash inflow	242,578	544,109	(415,852)	301,475
Balance, end of period	<u>1,218,309</u>	<u>975,731</u>	<u>257,581</u>	<u>673,433</u>

29 Cash generated from operations

	Group 12 months to 31-Dec-10 N'000	Group 7 months to 31-Dec-09 N'000	Company 12 months to 31-Dec-10 N'000	Company 7 months to 31-Dec-09 N'000
Profit after taxation	4,929,916	1,995,263	4,820,725	1,959,548
Taxation	519,295	106,045	466,708	93,884
Profit before taxation	5,449,211	2,101,308	5,287,433	2,053,432
<i>Adjustments to reconcile profit before taxation to cash generated from operation:</i>				
-Depreciation	77,095	48,985	59,512	38,170
-Allowances for risk assets	31,117	-	-	-
-Write back of allowance for risk assets	-	(38,070)	-	-
-Allowance for other assets	(68,802)	(7,930)	(68,802)	-
-Write back of allowance for other assets	-	-	-	-
-Gratuity charge	259,823	135,104	259,823	135,104
-Profit on disposal of fixed assets	(560)	-	-	-
-Revaluation gain/(loss)	-	(9,507)	-	(45,552)
Operating profit before changes in operating assets and liabilities	<u>5,747,884</u>	<u>2,229,890</u>	<u>5,537,966</u>	<u>2,181,154</u>

Changes in operating assets and liabilities

	Group	Group	Company	Company
	12 months to	7 months to	12 months to	7 months to
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	N'000	N'000	N'000	N'000
<i>(Increase)/decrease in operating assets:</i>				
- Trading securities	20,092,508	6,683,062	20,184,681	6,683,062
- Marketable securities	(11,540,468)	1,859,384	(12,695,899)	(1,947,634)
- Short term investments	(5,686,695)	1,636,574	(5,136,695)	(1,636,574)
- Assets on repurchase agreement	-	-	-	-
- Other assets	396,659	966,039	485,154	167,638
Transfer of fixed assets from other assets	-	43,299	-	(43,299)
<i>Increase/(decrease) in operating liabilities:</i>				
- Secured takings	4,207,401	(7,144,137)	4,429,356	(3,410,265)
- Liability on repurchase agreement	-	-	-	-
- Other liabilities	973,896	(387,438)	322,150	(344,958)
	<u>8,443,302</u>	<u>3,656,783</u>	<u>7,588,747</u>	<u>(532,030)</u>
Cash generated from operations	<u>14,191,186</u>	<u>5,886,673</u>	<u>13,126,713</u>	<u>1,649,124</u>

30 Related party transactions

The Company enters into trading transactions with some of its shareholders namely Union Bank of Nigeria Plc, Afribank Plc, 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 26 (c) to the financial statements.

31 Contravention of laws and regulations

The Company did not contravene any law or regulations during the period and no penalty was paid.

32 Litigation and claims

There were no litigation and claims against the Company as at 31 December 2010 (December 2009: Nil).

33 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 December 2010 or the profit for the period ended on that date that have not been adequately provided for or disclosed.

34 Contingent asset/liability

There were no contingent assets and liabilities as at 31 December 2010 (December 2009: Nil).

**35 Financial risk management
For the period ended 31 December 2010**

Principal Credit Policies

The principal credit policies of the Company are as follows:

- (i) Establishing an appropriate credit risk environment;
- (ii) Operating under a sound credit granting process taking into considerations the requirements of CBN's prudential guidelines;
- (iii) Maintaining an appropriate credit administration, measurement and monitoring process;
- (iv) Ensuring adequate controls over credit risk; and
- (v) Ensuring that extensions of credit are made on an arm's-length basis. In particular, credits to related companies and individuals are authorized on an exception basis, monitored with particular care and other appropriate steps taken to control or mitigate the risks of non-arm's length lending.

Enterprise Risk Management Review

In line with best practice and regulatory requirement for Financial Institutions to set up a Risk Management function in their organizations, the Company adopted the Governance, Risk and Compliance (GRC) model to drive its Risk Management initiatives. Additionally, the Company has in conjunction with Dun & Bradstreet (Risk Management Consultants) developed a formal and systematic Enterprise Risk Management (ERM) framework. The framework aims to ensure that risks that could impede the achievement of objectives are managed better and mitigated earlier, thereby improving the Company's ability to carry out its mission and achieve its objectives. This has brought the Company's processes in line with best practice.

The year 2009/2010 saw the development of the ERM policy, strengthening of the Enterprise Risk Management Committee (ERMC) as well as the Compliance and Operational Risk Committee (CORCO). The active participation of all stakeholders in these committee and other risk management activities has heightened risk awareness, deepened the risk culture and increased knowledge sharing on risk management issues within the Company.

Market Risk

Being actively involved in securities trading, one of the major risk types the Company is exposed to is Market Risk. This is the risk to the Company's financial condition resulting from adverse movements in the level or volatility of market prices of interest rate instruments. In CDL, Market risk is measured as the potential gain/loss in a position/portfolio that is associated with a price movement of a given probability over a specified time horizon. This is typically known as value-at-risk (VAR). In view of this, management has put in place adequate systems of control and has set aside adequate capital to absorb the risks posed by market - related exposures.

Strategy for measuring and managing risk

The company has put in place the following tools and models for measuring and managing market risk:

- Daily trading book portfolio Mark to market
- Value at Risk (VaR)
- Stress Testing
- Interest rate
- Scenario analysis
- Sensitivity analysis

Credit Risk

Credit risk is part of the risk the Company is exposed to. Credit risk is adequately managed and measured in the Company. Part of the strategy in place for managing credit risk includes: ensuring that consistent standards are applied by all departments in respect of credit decision making process, assigning credit approval authorities to individuals according to their qualifications, experience and training. Most importantly, all credit decisions are guided by the Company's credit risk policy as well as consideration being given to the requirements of CBN's prudential guidelines. The approval of credit limits for counterparties and the management of our individual credit exposures must also fit within our portfolio guidelines and our credit strategies, and each decision also involves a risk-versus-return analysis.

Credit Risk Ratings

The Company has developed a robust credit scoring and assessment methodology used to appraise and rate credits prior to approval. Additionally, there are scorecards and rating scales for evaluating the creditworthiness of our counterparties. The rating scale, which is calibrated on a probability of default measure is based upon a statistical analysis of historical defaults in our portfolio, this enables us to compare our internal ratings with common market practice and ensure comparability between different sub-portfolios of our institution. While we generally rate all our credit exposures individually, at times we rely on rating averages for measuring risk. When we assign our internal risk ratings, we compare them with external risk ratings assigned to our counterparties by the major international rating agencies, where possible.

Monitoring Default Risk

The Company has procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counterparties, that demonstrate the likelihood of problems, are identified well in advance by using our risk management tools so that we can effectively manage the credit exposure and maximize the recovery.

Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Company reflects the following components:

- (i) character and capacity to pay of the client or counterparty on its contractual obligations;
- (ii) current exposures to the counterparty and its likely future development;
- (iii) credit history of the counterparty and
- (iv) the likely recovery ratio in case of default obligations – value of collateral and other ways out.

(b) Debt securities and other bills

For debt securities and other bills, external rating or their equivalents are used by the Company's Treasury Department for primarily to manage their risk exposures.

Risk limit control and mitigation policies

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers (single obligor limits) and industry segments. the Company also sets internal credit approval limits for various levels in the credit process and are shown in the table below:

Authorizing level	Approval Limit (N)
Board of Directors	Obligor Limit
Credit Committee	2.00 Billion
Management Credit Committee	500 Million
Managing Director/CEO	200 Million
Group Head/HOD	NIL

Collateral Policy

The principal collateral types for loans and advances are:

- (i) Legal mortgages over residential properties;
- (ii) Charges over business assets such as premises, inventory and accounts receivable;
- (iii) Charges over financial instruments such as debt securities and equities.

The Company ascertains the loan recoverable amount by updating the values of available collateral with formal valuation. Security documents are reviewed to ensure the completeness and enforceability of contracts and collateral/guarantee.

PROVISIONING POLICY

The Company's loan loss provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on criteria set out in the Prudential Guidelines for Licensed Banks and Discount Houses

RISK RATING METHODOLOGY

The Company's credit scoring system operates by assigning values to various factors .These values will be weighted based upon their correlation to default predictions and the organization's business objectives. They are added and averaged to determine a credit score for application. The scoring system either recommends for approval or decline or refers the application for further analysis. Factors taken into consideration include the following:

- (a) *Market segmentation*
This is based on the customer's turnover which is classified into upper market (structured/unstructured), Middle market structured/unstructured and small business/individual
- (b) *Facility type and tenor*
This is less or equal to 180 days and over 180 days. Type varies among overdraft, BA/CP, Term Loan, Leases and Others.
- (c) *Sales/Turnover*
The lesser the sales turnover the riskier the business. This is grouped into upper, middle and small business

(d) *Management*

A proper diagnosis of management is important for sound credit judgment. This is grouped into upper market (structured/unstructured), Middle market (structured/unstructured and small business/individual.

(e) *Collateral security*

The pledge of collateral is legally sound, properly documented and continuously reviewed for its value and marketability. This is grouped into unsecured, secured or partly secured (post dated cheques, equitable mortgage, lien, quoted shares, receivables, bank guarantees, legal mortgage amongst many others)

(f) *Character*

Fundamental to every credit decision is the honesty and integrity of the individuals to whom the Company lends directly or who manage the enterprises to which the Company lends. Character is the most single factor in the credit decision. This is grouped into CBN Credit Bureau Report (Negative/Positive), Bankers Opinion (Negative/Positive) amongst many others.

(g) *Profitability/Liquidity*

The acceptance of a credit depends upon an objective evaluation of the customer's ability to repay the borrowed funds. To establish this, Profitability and Liquidity ratios will be used.

(h) *Capital*

The borrower must provide capital for anticipated adversity. The index to determine capital is leverage for overdraft, lease and term loan facilities. For this purposes leverage is calculated and a minimum value of 75% is the benchmark.

(i) *Cash collateralized facilities*

Cash collateralized facilities are not subjected to this scoring method, unless the character of the customer is questionable, in which case, the application is rejected. For cash collaterized facilities the key issue is the safety margin, which should not be less than 20%. This margin should not also be cleaned up by accrued interest within the tenor of the facility. If a credit application satisfies these criteria the score shall remain 100.

(j) *Pricing*

The average score computed determines the minimum level of interest chargeable. The interest rate determined would be a guide. For the purposes of clarity, a prime rate is determined by Dealing Department and other rates are either above or below it as stated in the index of risk assessment. However, executive management reserves the right to accept or reject an appointment if in its opinion there other factors fundamental to the interest of the Company that will warrant overriding such recommendation.

The Company's internal rating scale is presented below:

Index of Risk Assessment

Average Scores	Rating	Remarks	Interest Rate
75.01-100	AA	Superior credit	Prime-1
62.51-75	A	Above average credit	Prime
50.01-62.5	BB	Acceptable credit	Prime +1
40.01-50	B	Watch list credit	Prime +2
25.01-40	CCC	Substandard and doubtful	Not acceptable
00-25	DD	Bad and lost	Not acceptable

Risk Assets (Commercial bills)

Commercial bills are summarized as follows:

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Performing	30,644,674	30,195,917	30,652,037	29,079,431
Non-performing				
- Lost	25,784	116,100	24,750	116,100
- Interest in suspense	15,968	15,968	15,968	15,968
	<u>30,686,426</u>	<u>30,327,985</u>	<u>30,692,755</u>	<u>29,211,499</u>

Analysis of commercial bills by security

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000	Company 31-Dec-10 N'000	Company 31-Dec-09 N'000
Secured by shares of quoted companies	-	-	-	-
Secured against real estate	10,957,636	10,612,129	11,163,416	10,612,129
Otherwise secured	19,728,790	19,715,856	19,529,339	18,599,370
	<u>30,686,426</u>	<u>30,327,985</u>	<u>30,692,755</u>	<u>29,211,499</u>

Performing but Past Due Loans

Commercial bills less than 90 days past due are considered performing, unless other information is available to indicate the contrary. There was no performing bill that has passed due date as at year end.

Non-Performing Loans by Industry

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000
Finance and Insurance	40,718	132,068
	<u>40,718</u>	<u>132,068</u>

Non-Performing Loans by Geography

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000
South West	40,718	132,068
	<u>40,718</u>	<u>132,068</u>

Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Group's main credit exposure at their carrying amounts as categorized by their geographical region as at 31 December 2010. For this table, the group has allocated exposure to regions based on the region of domicile of our counterparties

Group

As at 31 December 2010	Due from banks	Loans and advances	Debt instruments	Total
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
South South	-	-	-	-
South West	1,041,430	29,644,996	-	30,686,426
South East	-	-	-	-
North West	-	-	-	-
North Central	-	-	-	-
North East	-	-	-	-
	<u>1,041,430</u>	<u>29,644,996</u>	<u>-</u>	<u>30,686,426</u>

Group

As at 31 December 2009	Due from banks	Loans and advances	Debt instruments	Total
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
South South	-	5,948,163	-	5,948,163
South West	643,068	23,736,754	-	24,379,822
South East	-	-	-	-
North West	-	-	-	-
North Central	-	-	-	-
North East	-	-	-	-
	<u>643,068</u>	<u>29,684,917</u>	<u>-</u>	<u>30,327,985</u>

Group

As at 31 December 2010

	Due from banks	Loans and advances	Debt instruments	Total
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Oil and Gas	-	3,766,479	-	3,766,479
Consumer Credit	-	233,951	-	233,951
Manufacturing	-	548,368	-	548,368
Real Estate and Construction	-	59,135	-	59,135
Finance and Insurance	1,041,430	6,718,297	-	7,759,727
Transportation	-	6,355,175	-	6,355,175
Education	-	-	-	-
Others	-	11,963,591	-	11,963,591
	<u>1,041,430</u>	<u>29,644,996</u>	<u>-</u>	<u>30,686,426</u>

Group
As at 31 December 2009

	<u>Due from banks</u>	<u>Loans and advances</u>	<u>Debt instruments</u>	<u>Total</u>
	N'000	N'000	N'000	N'000
Oil and Gas	-	2,576,551	-	2,576,551
Consumer Credit	-	1,809,836	-	1,809,836
Manufacturing	-	1,950,000	-	1,950,000
Real Estate and Construction	-	229,874	-	229,874
Finance and Insurance	643,068	12,832,704	-	13,475,772
Transportation	-	8,409,488	-	8,409,488
Education	-	681,693	-	681,693
Others	-	1,194,771	-	1,194,771
	<u>643,068</u>	<u>29,684,917</u>	<u>-</u>	<u>30,327,985</u>

Concentration of Currency Risk

The Group had no currency risk exposure as all its transactions were done in local currency (naira).

Liquidity Risk Management

Liquidity risk is the potential for loss to CDL arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

It is the primary responsibility of the Board of Directors to understand the liquidity risk profile of CDL and the tools used to manage liquidity risk. The Assets and Liability Committee (ALCO) is responsible for managing the overall liquidity of CDL. Also, the ALCO is responsible for implementing CDL's funding policies and performing additional responsibilities as delegated by the Management/Board of Directors.

Liquidity Risk Management Process

Liquidity Strategy

The ALCO recommends a general liquidity strategy for CDL to be approved by the Board of Directors. The strategy outlines include:

- Desired composition of asset and liability to maintain liquidity,
- Desired diversification and stability of assets, contingency funding plan in case of liquidity problem

The key elements of CDL's liquidity risk management process are:

- Day-to-day funding is managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers.
- Maintaining an active presence in money markets to enable good liquidity risk management process; and
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Availability of robust Contingency Funding Plan (CFP) to take care of emergencies.

The maturity profile of the assets and liabilities on the Group's balance sheet is as follows:

Group	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
At 31 December 2010								
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	284,407	-	-	-	-	-	284,407	283,787
Treasury bills	117,900	8,115,820	13,075,205	11,881,421	-	-	33,190,346	32,122,921
Investment securities	-	20,866,700	18,416,014	10,003,946	13,437,373	9,464,000	72,188,033	69,838,573
Deferred tax assets	918,810	-	-	-	-	-	918,810	918,810
Other assets	43,214	150,543	59,038	12,543	93,140	76,543	435,021	310,404
Investment property	-	-	-	-	-	1,125,726	1,125,726	1,125,726
Property and Equipment	5,563	12,264	14,479	27,437	951,352	-	1,011,095	1,011,095
Total assets	1,369,894	29,145,327	31,564,736	21,925,347	14,481,865	10,666,269	109,153,438	105,611,316
Liabilities								
Secured Placements with CDL	10,973,482	2,008,115	131,184	-	-	-	13,112,781	13,112,781
Due to other banks	72,246,099	23,298	-	-	-	-	72,269,397	72,269,397
Tax payable	-	-	-	776,108	-	-	776,108	776,108
Other liabilities	705,765	87,395	32,445	178	-	-	825,783	825,783
Deferred income tax liabilities	3,844	-	-	-	-	-	3,844	3,844
Retirement benefit obligations	-	-	-	-	1,055,337	-	1,055,337	1,055,337
Total Liabilities	83,929,190	2,118,808	163,629	776,286	1,055,337	-	88,043,250	88,043,250
GAP	(82,559,296)	27,026,519	31,401,107	21,149,061	13,426,528	10,666,269	21,110,188	17,568,066

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Group	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
At 31 December 2009								
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	725,731	-	-	-	-	-	725,731	725,731
Treasury bills	249,720	1,323,771	12,577,628	6,848,509	-	-	21,519,808	20,999,628
Investment securities	8,803,456	10,164,509	14,477,754	2,592,483	24,800,174	12,719,288	74,185,468	73,557,664
Deferred tax assets	836,507	-	-	-	-	-	836,507	836,507
Other assets	43,362	180,646	112,711	41,430	71,157	188,956	740,858	638,261
Investment property	-	-	-	-	-	618,460	618,460	618,460
Property and Equipment	5,503	12,162	14,381	27,335	947,942	-	1,007,323	1,007,323
Total assets	10,664,279	11,681,088	27,182,474	9,509,757	25,819,273	13,526,704	99,634,155	98,383,574
Liabilities								
Secured Placements with CDL	2,456,929	7,113,148	91,700	13,000	-	-	9,674,777	9,674,777
Due to other banks	71,500,000	-	-	-	-	-	71,500,000	71,500,000
Tax payable	-	-	-	1,424,828	-	-	1,424,828	1,424,828
Other liabilities	605,711	92,948	506	560	-	-	699,725	699,725
Deferred income tax liabilities	3,844	-	-	-	-	-	3,844	3,844
Retirement benefit obligations	560,734	-	-	-	-	-	560,734	560,734
Total Liabilities	75,127,218	7,206,096	92,206	1,438,388	-	-	83,863,908	83,863,908
GAP	(64,462,939)	4,474,992	27,090,268	8,071,369	25,819,273	13,526,704	15,770,247	14,519,666

	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
Company	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
At 31 December 2010								
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	257,581	-	-	-	-	-	257,581	257,581
Treasury bills	117,900	8,115,820	13,075,205	11,881,421	-	-	33,190,346	32,122,921
Investment securities	-	20,366,700	18,328,033	9,503,946	13,295,572	9,464,000	70,958,251	68,800,052
Investment in subsidiaries	-	-	-	-	-	337,005	337,005	337,005
Deferred tax assets	918,810	-	-	-	-	-	918,810	918,810
Other assets	43,214	100,543	36,849	12,543	24,521	76,543	294,213	169,596
Property and Equipment	5,220	11,043	15,532	25,871	926,450	-	984,116	984,116
Total Assets	1,342,725	28,594,106	31,455,619	21,423,781	14,246,543	9,877,548	106,940,322	103,590,081
Liabilities								
Secured Placements with CDL	10,179,263	1,408,115	83,498	-	-	-	11,670,876	11,670,876
Due to other banks	72,246,099	23,298	-	-	-	-	72,269,397	72,269,397
Tax payable	-	-	-	707,296	-	-	707,296	707,296
Other liabilities	635,765	86,316	32,445	178	-	-	754,704	754,704
Retirement benefit obligations	-	-	-	-	1,054,256	-	1,054,256	1,054,256
Total Liabilities	83,061,127	1,517,729	115,943	707,474	1,054,256	-	86,456,529	86,456,529
GAP	(81,718,402)	27,076,377	31,339,676	20,716,307	13,192,287	9,877,548	20,483,793	17,133,552

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	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
Company	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	over 5 years	Gross value	Carrying value
At 31 December 2009	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets								
Cash and bank balances	673,433	-	-	-	-	-	673,433	673,433
Treasury bills	249,720	1,323,771	12,577,628	6,848,509	-	-	21,519,808	20,999,628
Investment securities	6,115,211	10,037,834	14,263,474	2,592,484	24,800,174	12,719,288	72,626,724	72,158,537
Investment in subsidiaries	-	-	-	-	-	180,000	180,000	180,000
Deferred tax assets	836,507	-	-	-	-	-	836,507	836,507
Other assets	27,199	168,762	102,444	27,430	71,157	188,956	688,017	585,948
Property and Equipment	5,430	12,161	14,339	26,393	923,969	-	982,292	982,292
Total assets	7,907,500	11,542,528	26,957,885	9,494,816	25,795,300	13,088,244	97,506,781	96,416,345
Liabilities								
Secured Placements with CDL	1,485,774	6,420,443	91,700	13,000	-	-	8,010,917	8,010,917
Due to other banks	71,500,000	-	-	-	-	-	71,500,000	71,500,000
Tax payable	-	-	-	1,391,103	-	-	1,391,103	1,391,103
Other liabilities	576,117	89,070	506	560	-	-	666,253	666,253
Retirement benefit obligations	560,734	-	-	-	-	-	560,734	560,734
Total Liabilities	74,122,625	6,509,513	92,206	1,404,663	-	-	82,129,007	82,129,007
GAP	(66,215,125)	5,033,015	26,865,679	8,090,153	25,795,300	13,088,244	15,377,774	14,287,338

Analysis of Regulatory Capital, Risk-weighted assets and Determination of Capital Adequacy Ratio

	Group 31-Dec-10 N'000	Group 31-Dec-09 N'000
Tier 1 Capital		
Share Capital	4,000,000	3,500,000
Share Premium	-	-
Statutory Reserves	2,900,865	2,177,756
Contingency reserve	-	-
SMIEIS reserve	-	-
Bonus issue reserve	-	500,000
Retained earnings	10,317,555	6,474,104
Goodwill and Intangible assets	-	-
Total qualifying Tier 1 capital (A)	17,218,419	12,651,860
Tier 2 Capital		
Preference shares	-	-
Minority interest	147,701	41,349
Convertible bonds	-	-
Revaluation reserve - fixed assets	-	-
Revaluation reserve - investment securities	201,946	1,937,756
Translation reserve	-	-
General provision	2,363,208	2,330,592
Total qualifying Tier 2 capital (B)	2,712,855	4,309,697
Total regulatory capital (C) = (A + B)	19,931,274	16,961,557
	2010	2009
Risk-weighted assets		
	N'000	N'000
On-balance sheet	34,205,490	30,918,159
Off-balance sheet	-	-
Total risk-weighted assets (D)	34,205,490	30,918,159
Risk-weighted Capital Adequacy Ratio (CAR) = (C) / (D)	58%	55%

Statement of Value Added-Group
for the 12 months period ended 31 December 2010

	12 months to 31-Dec-10 N' 000	%	7 months to 31-Dec-09 N' 000	%
Gross earnings	14,467,039		8,655,771	
Discount expenses	<u>(6,198,298)</u>		<u>(5,407,608)</u>	
	8,268,741		3,248,163	
Allowance for risk assets	-		-	
Bought in materials and services				
-Local	(1,374,150)		(296,979)	
-Foreign				
Value added	<u><u>6,894,591</u></u>	<u>100</u>	<u><u>2,951,184</u></u>	<u>100</u>
Distribution				
<i>To employees:</i>				
Salaries and benefits	1,018,285	15	500,891	17
<i>To government:</i>				
Taxation	519,295	8	106,045	4
<i>To shareholders:</i>				
Dividend paid during the year	350,000	5	300,000	10
<i>The future:</i>				
For replacement of fixed assets (depreciation)	77,095	1	48,985	2
Expansion (transfer to reserves and minority interest)	<u>4,929,916</u>	<u>72</u>	<u>1,995,263</u>	<u>68</u>
	<u><u>6,894,591</u></u>	<u>100</u>	<u><u>2,951,184</u></u>	<u>100</u>

Statement of Value Added-Company
for the 12 months period ended 31 December 2010

	12 months to 31-Dec-10 N' 000	%	7 months to 31-Dec-09 N' 000	%
Gross earnings	12,037,020		7,183,631	
Discount expenses	<u>(4,139,087)</u>		<u>(4,091,056)</u>	
	7,897,933		3,092,575	
Allowance for risk assets	-		-	
Bought in materials and services				
-Local	(2,171,854)		(426,859)	
Value added	<u><u>5,726,079</u></u>	<u>100</u>	<u><u>2,665,716</u></u>	<u>100</u>
Distribution				
<i>To employees:</i>				
Salaries and benefits	962,550	17	461,882	17
<i>To government:</i>				
Taxation	(466,708)	(8)	(93,884)	(4)
<i>To shareholders:</i>				
Dividend paid during the year	350,000	6	300,000	11
The future:				
For replacement of fixed assets (depreciation)	59,512	1	38,170	1
Expansion (transfer to reserves and minority interest)	<u>4,820,725</u>	<u>84</u>	<u>1,959,548</u>	<u>74</u>
	<u><u>5,726,079</u></u>	<u>100</u>	<u><u>2,665,716</u></u>	<u>100</u>

**Five Year Financial Summary - Group
for the period ended 31 December 2010**

	12 months to 31-Dec-10 N' 000	7 months to 31-Dec-09 N' 000	12 months to 31-May-09 N' 000	12 months to 31-May-08 N' 000	12 months to 31-May-07 N' 000
Assets:					
Cash and bank balances	283,787	725,731	431,622	2,846,400	270,558
Treasury bills	32,122,921	20,999,628	27,045,726	74,677,309	49,112,925
Investment securities	69,838,573	73,557,664	71,595,458	41,825,244	50,933,057
Deferred taxation	918,810	836,507	798,147	346,295	109,323
Other assets	310,404	638,261	1,596,369	1,883,186	1,158,848
Investment property	1,125,726	618,460	-	-	-
Property and equipment	1,011,095	1,007,323	954,224	208,750	157,303
Total Assets	105,611,316	98,383,574	102,421,546	121,787,184	101,742,014
Liabilities:					
Secured placements	85,382,178	81,174,777	88,318,914	109,106,922	74,176,193
Liabilities against repurchase agreements	-	-	-	1,960,000	20,201,247
Taxation payable	776,108	1,313,529	1,585,736	1,039,667	703,909
Other liabilities	825,783	455,916	1,087,163	1,211,010	1,055,449
Deferred taxation	3,844	3,844	6,157	9,180	-
Dividend payable	-	-	-	-	-
Gratuity provisions	1,055,337	804,543	425,630	228,764	109,973
Total liabilities	88,043,250	83,752,609	91,423,600	113,555,543	96,246,771
Net Assets	17,568,066	14,630,965	10,997,946	8,231,641	5,495,243
Capital and reserves:					
Share capital	4,000,000	3,500,000	3,000,000	2,500,000	2,000,000
Statutory reserves	2,900,865	2,177,756	1,883,824	1,436,078	997,357
Reserves for bonus issue	-	500,000	500,000	500,000	500,000
General reserve	10,317,555	6,474,104	5,576,461	3,761,035	1,841,578
Revaluation reserves	201,946	1,937,756	-	-	136,541
Shareholders' funds	17,420,365	14,589,616	10,960,285	8,197,113	5,475,476
Non controlling interest	147,701	41,349	37,661	34,528	19,767
	17,568,066	14,630,965	10,997,946	8,231,641	5,495,243
Gross earnings	14,467,039	8,655,771	25,256,626	24,532,593	8,980,974
Profit before taxation	5,449,211	2,101,308	3,707,975	3,710,276	2,277,070
Profit after taxation	4,929,916	1,995,263	3,016,305	3,058,178	1,912,979
Earnings per shares- basic	123k	57k	100k	122k	96k

**Five Year Financial Summary - Company
for the period ended 31 December 2010**

	12 months to 31-Dec-10 N' 000	7 months to 31-Dec-09 N' 000	12 months to 31-May-09 N' 000	12 months to 31-May-08 N' 000	12 months to 31-May-07 N' 000
Assets:					
Cash and bank balances	257,581	673,433	371,958	2,817,009	267,692
Treasury bills	32,122,921	20,999,628	27,045,726	74,515,832	48,959,103
Investment securities	68,800,052	72,158,537	66,641,338	39,265,606	45,368,273
Investment in subsidiary companies	337,005	180,000	180,000	180,000	180,000
Deferred taxation	918,810	836,507	798,147	346,295	97,880
Other assets	169,596	585,948	753,585	1,208,999	992,920
Property and equipment	984,116	982,292	918,378	155,235	116,434
Total Assets	103,590,081	96,416,345	96,709,132	118,488,976	95,982,302
Liabilities:					
Secured placements	83,940,273	79,510,917	82,921,182	106,168,124	68,557,183
liabilities against repurchase agreements	-	-	-	1,960,000	20,201,247
Other liabilities	754,704	425,360	1,011,211	1,100,828	995,829
Dividend payable	-	-	-	-	-
Tax payable	707,296	1,279,804	1,549,776	964,900	639,975
Retirement benefit obligation	1,054,256	801,627	425,630	228,764	109,973
Total liabilities	86,456,529	82,017,708	85,907,799	110,422,616	90,504,207
Net Assets	17,133,552	14,398,637	10,801,333	8,066,360	5,478,095
Capital and reserves:					
Share capital	4,000,000	3,500,000	3,000,000	2,500,000	2,000,000
Statutory reserve	2,900,865	2,177,756	1,883,824	1,436,078	997,357
Reserves for bonus issue	-	500,000	500,000	500,000	500,000
Retained earnings	10,030,741	6,283,125	5,417,509	3,630,282	1,844,197
Revaluation reserve	201,946	1,937,756	-	-	136,541
Shareholders' funds	17,133,552	14,398,637	10,801,333	8,066,360	5,478,095
Gross earnings	12,037,020	7,183,631	21,425,150	18,694,245	7,335,440
Profit before taxation	5,287,433	2,053,432	3,654,816	3,464,350	2,224,105
Profit after taxation	4,820,725	1,959,548	2,984,973	2,924,806	1,890,933
Earnings per shares- basic	121k	56k	99k	117k	95k