



Aso Savings & Loans Plc

Audited Accounts for
the Year Ended
31 March 2008



Aminu Ibrahim & Co
Chartered Accountants

ASO SAVINGS & LOANS PLC

**AUDITED ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2008**

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ASO SAVINGS & LOANS PLC

AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

CORPORATE INFORMATION

DIRECTORS

Abdu Mukhtar	Chairman
Hassan T.M. Usman	Managing Director
Joshua A. Maikori	Director
Abdullahi Bappa Ahmed	Director
Collins Chikezie Chikeluba	Director
Ayeni Olatunde John	Director

COMPANY SECRETARY\GENERAL COUNSEL

Bilikisu Rimi

REGISTERED OFFICE

FMBN Building
Plot 266, Cadastral Zone AO
Central Business District
Abuja.

AUDITORS

Aminu Ibrahim & Co.
(Chartered Accountants)
City Plaza, 3rd Floor,
Plot 596, Ahmadu Bello Way,
Garki II, Abuja.

ASO SAVINGS AND LOANS PLC

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

RESULTS AT A GLANCE

	2008	2007	<i>Difference</i>
	N'000	N'000	%
Major Profit and Loss Account Items			
Gross earnings	7,063,134	1,979,653	257
Interest paid	(2,923,140)	(690,099)	324
Provision for risk assets	(641,957)	(405,071)	58
Administrative expenses including depreciation	(1,729,323)	(598,301)	189
Profit before taxation	1,331,982	286,183	365
Profit after taxation	1,061,766	276,618	284
Major Balance Sheet Items			
Deposits	45,298,764	37,102,924	22
Loans and advances	29,893,700	25,902,187	15
Paid up share capital	4,339,574	107,240	3,947
Shareholders fund	5,038,009	(256,091)	2,067
Long term borrowings	4,304,961	485,008	788
Total assets	67,278,141	43,833,002	53
Total liabilities excluding long term borrowings	57,935,172	43,604,085	33
Off balance sheet transactions	21,866,997	-	100
Others			
Earnings per share [Adjusted] (in kobo)	34	129	(74)
Employees (permanent)	191	114	68
Branches	10	10	0



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASO SAVINGS AND LOANS PLC

We have audited the financial statements of **Aso Savings and Loans Plc** as at 31 March 2008 set out on pages 5 to 21 which have been prepared on the basis of the accounting policies set out on pages 5 to 7.

Respective responsibilities of Directors and Auditors:

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statement of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Our responsibility as independent auditors is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the company have kept proper accounting records and the financial statements are in agreement with the records in all material respect and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN2004, the Banks and Other Financial Institutions Act CAP B3 LFN 2004 and all relevant circulars issued by the Central Bank of Nigeria. The financial statements give a true and fair view of the financial position of the company as at 31 March 2008 and of the financial performance and its cash flow for the year then ended in accordance with the relevant Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Report on other legal and regulatory requirements

The assets have been properly valued and adequate provision has been made for any losses or diminution in the value thereof.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in Note 29.

During the year ended 31 March 2008, the company paid penalties for contravening the Revised Guidelines for Primary Mortgage Institutions. The details of the contraventions and penalties paid are set out in Note 25.

ASO SAVINGS & LOANS PLC

**AUDITED ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2008**

**REPORT OF THE AUDIT COMMITTEE
TO THE MEMBERS OF ASO SAVINGS AND LOANS PLC**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, the members of the Audit Committee of **Aso Savings and Loans Plc** hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of the external audit for the year ended 31 March 2008 were satisfactory and reinforce the company's internal control systems.
- We have complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "*Disclosure of insider related credits in the financial statements of banks,*" and hereby confirm that an aggregate amount of N3.035 billion was outstanding as at 31 March 2008 of which N539.2 million was non-performing. See Note 29 for details.
- We reviewed the management letter of the external auditors and are satisfied with management response thereto.
- We have deliberated with the independent auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit.

J. A. Maikori
Chairman, Audit Committee

Members of the Committee

Joshua A. Maikori
Abdullahi B. Ahmed
Ibrahim Oruma
Aminu Bello

ASO SAVINGS & LOANS PLC

AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

ACCOUNTING POLICIES

A summary of the principal accounting policies, applied consistently throughout the current and previous periods by the company is set out below:

a) **Basis of accounting:**

The accounts are prepared under the historical cost convention.

b) **Fixed assets:**

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost of assets over their estimated useful lives as follows:

	%
Land	-
Building	5
Office furniture, fittings and equipment	20
Computer equipment	33.3
Motor vehicles	25
Plant and machinery	20
Leased assets	As in relevant class of asset

No depreciation is provided on assets under construction. Gain or loss arising from the disposal of fixed assets is included in the profit and loss account.

c) **Loans and advances:**

Credit facilities are stated after deduction of provision against debts considered doubtful of recovery. They are classified as either performing or non-performing. Non-performing are those with principal and/or interest payment obligation in arrears for over three months. Specific provision are made on all non-performing balances and 1% general provision on performing balances in line with Central Bank of Nigeria's prudential guidelines.

Provisions are applied to write off advances when securities have been realised and further recoveries are considered to be unlikely. When securities are realised, the loan provisions previously suspended are released as income in the profit and loss account in the period of realisation.

ASO SAVINGS & LOANS PLC

AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

ACCOUNTING POLICIES CONTD

d) **Income recognition:**

Interest, commission and other incomes are recognised when due and accounted for on accrual basis. Interest accruing on non-performing accounts is not earned but taken to interest in suspense until the debts are recovered.

e) **Investments:**

Investments are stated at cost and related income is recognised on accrual basis and credited to the profit and loss account in the period in which it is receivable.

f) **Foreign currency items:**

Transactions in foreign currencies are translated to the Naira at the rates of exchange ruling at the dates of the transactions.

Foreign currency balances are converted to the Naira at the rates of exchange ruling at the balance sheet date and the resultant profit or loss on exchange is taken to the profit and loss account.

g) **Deferred taxation**

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the differences between the net book value of qualifying fixed assets and their corresponding tax written down value.

h) **Retirement benefits**

Arrangements for retirement benefits for members of staff are based on the provisions of the National Pension Reform Act. The matching contribution by the company is based on current basic salaries and designated allowances and it is charged to profit and loss account.

i) **Off balance sheet transactions**

Transactions to which there are no direct balance sheet risks to the bank are reported and accounted for as off balance sheet transactions and shown by way of notes to the financial statements. They comprised of

ASO SAVINGS & LOANS PLC

AUDITED ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2008

ACCOUNTING POLICIES CONTD

Assigned Mortgage Loans

Certain mortgage loans that have been assigned but still being administered by the company for a fee are reported as off balance sheet transactions. The company bears no risk for these loans and as such no provision for doubtful debt is made.

The fees earned as administrator of the loans are accrued for and included in other income in the Profit and Loss Account.

ASO SAVINGS AND LOANS PLC
Balance Sheet
As at 31 March 2008

	NOTES	2008 N'000	2007 N'000
ASSETS			
Cash and bank balances	1	9,120,775	2,974,560
Placements	2	26,271,422	14,191,133
Investments	3	157,870	2,760
Loans and advances	4	29,893,700	25,902,187
Other assets	5	1,040,555	501,963
Fixed assets	6	793,819	260,399
		<u>67,278,141</u>	<u>43,833,002</u>
LIABILITIES			
Customers deposits and other accounts	7	45,298,764	37,102,923
Due to other banks		7,722,294	4,634,352
Taxation	8	189,289	16,652
Deferred Taxation	9	80,927	
Other liabilities	10	4,643,897	1,850,158
Long-term borrowings	11	4,304,961	485,008
		<u>62,240,132</u>	<u>44,089,093</u>
Net Assets/(liabilities)		<u>5,038,009</u>	<u>(256,091)</u>
CAPITAL AND RESERVES			
Share capital	12	4,339,574	107,240
Statutory reserve	13	282,813	70,460
General reserve	14	415,622	(433,791)
Shareholders' funds		<u>5,038,009</u>	<u>(256,091)</u>
Off Balance sheet transactions	27	<u>21,866,997</u>	<u>-</u>

The financial statements were approved by the Board of Directors of Aso Savings and Loans Plc on 18 June 2008 and were signed on its behalf by:

Abdu Mukhtar (Chairman)

Hassan T. M. Usman (Managing Director)

The accounting policies on pages 5 to 7 and the notes on pages 11 to 19 form an integral part of these financial statements.

ASO SAVINGS AND LOANS PLC

Profit and Loss Account For The Year Ended 31 March 2008

	NOTES	2008 N'000	2007 N'000
Interest income	16	6,046,616	1,431,650
Interest expenses	17	<u>(2,923,140)</u>	<u>(690,099)</u>
Net Interest Income		3,123,476	741,551
Other Operating income	18	<u>1,016,519</u>	<u>548,003</u>
		4,139,995	1,289,554
Operating expenses		(1,610,494)	(570,254)
Provision for loans & other losses	15	(641,957)	(405,071)
Exceptional expenses	19	(436,733)	-
Depreciation		<u>(118,829)</u>	<u>(28,046)</u>
Profit before taxation		1,331,982	286,183
Current taxation	8	(189,289)	(9,565)
Deferred taxation	9	(80,927)	-
Profit after taxation	20	<u><u>1,061,766</u></u>	<u><u>276,618</u></u>
Dealt with as follows			
Transfer to statutory reserve		212,353	-
Transfer to general reserve		<u>849,413</u>	<u>276,618</u>
		<u><u>1,061,766</u></u>	<u><u>276,618</u></u>
Earnings per share [actual] (kobo)	24	34	258
Earnings per 50k share [adjusted] (kobo)	24	34	129

The accounting policies on pages 5 to 7 and the notes on pages 11 to 19 form an integral part of these financial statements.

ASO SAVINGS AND LOANS PLC

Cash Flow Statement For The Year Ended 31 March 2008

	NOTE	2008 N'000	2007 N'000
<i>Cash from Operating Activities</i>			
Interest and commissions received		6,046,616	1,431,650
Interest expenses		(2,923,140)	(690,099)
Payments to employee & suppliers		(2,046,011)	(564,999)
Loans & other assets recoveries		101,801	244,667
Other incomes		1,016,519	548,003
Income tax paid		(16,652)	(1,899)
Operating profit before changes in operating assets		2,179,133	967,323
<i>Increase in operating assets</i>			
Loans to customers		(4,593,085)	(25,584,037)
Other assets		(677,538)	(420,370)
		(5,270,623)	(26,004,407)
<i>Increase in operating liabilities</i>			
Deposits from customers and other accounts		8,195,841	33,939,642
Due to other banks		3,087,942	4,634,352
Other liabilities		3,926,321	467,123
Long-term borrowings		3,819,953	20,112
		19,030,057	39,061,229
Net cashflows from operating activities	26	15,938,567	14,024,145
<i>Cashflows from investing activities</i>			
Purchase of Fixed Assets		(626,309)	(118,427)
Proceed from sale of Assets		3,022	0
Purchase of investment		(155,110)	0
Net cash used in investing activities		(778,397)	(118,427)
<i>Cashflows from financing activities</i>			
Deposit for shares		-	1,146,028
Finance lease repayments		(19,462)	(7,228)
Proceed from share issue		3,085,796	-
Net cash flow from financing activities		3,066,334	1,138,800
Net increase in cash and short-term funds		18,226,504	15,044,518
Cash and short-term funds at 1 April		17,165,693	2,121,175
Cash and short-term funds at 31 March		35,392,197	17,165,693
Analysis of cash and short-term funds			
Cash and bank balances		9,120,775	2,974,560
Placements		26,271,422	14,191,133
		35,392,197	17,165,693

ASO SAVINGS AND LOANS PLC

Notes to the Accounts
For The Year Ended 31 March 2008

	2008 N'000	2007 N'000
1 Cash and Bank Balances		
Cash and bank balances comprise:		
Cash	113,863	121,162
Balances held with Federal Mortgage Bank of Nigeria	1,389	1,389
Balances held with other banks	9,005,523	2,852,009
	<u><u>9,120,775</u></u>	<u><u>2,974,560</u></u>
 2 Placements		
Placements Comprise:		
Certificates of Deposits	<u><u>26,271,422</u></u>	<u><u>14,191,133</u></u>
 3 Investments		
Unquoted equities		
Aso Solid Investments Ltd	50,000	50,000
Aso Insurance Brokers Ltd	2,760	2,760
Abuja Leasing Company Limited	155,110	-
	<u><u>207,870</u></u>	<u><u>52,760</u></u>
Less provision for investments	<u><u>(50,000)</u></u>	<u><u>(50,000)</u></u>
	<u><u>157,870</u></u>	<u><u>2,760</u></u>
 3.1 Aso Savings and Loans Plc owns 100% and 20% shares in Aso Solid Investments Limited and Aso Insurance Brokers Limited respectively.		
 4 Loans and Advances		
a. Analysis by security		
Mortgage Loans secured against real estate	22,027,999	23,810,624
Otherwise Secured	9,822,004	3,446,294
Gross Loans	<u><u>31,850,003</u></u>	<u><u>27,256,918</u></u>
Less:		
Provision for bad and doubtful debts (Note 15)	<u><u>(1,956,303)</u></u>	<u><u>(1,354,731)</u></u>
	<u><u>29,893,700</u></u>	<u><u>25,902,187</u></u>
 b. Analysis by performance:		
Performing	29,478,500	26,133,948
Non- Performing:		
Substandard	607,750	15,488
Doubtful	326,019	31,278
Lost	1,437,734	1,076,204
	<u><u>31,850,003</u></u>	<u><u>27,256,918</u></u>

ASO SAVINGS AND LOANS PLC

Notes to the Accounts For The Year Ended 31 March 2008

	2008	2007
	N'000	N'000
4.1 The provisions in respect of bad and doubtful accounts as at year end, computed in accordance with Central Bank of Nigeria's Prudential Guidelines were:		
Non-performing:		
Sub-standard	60,775	1,549
Doubtful	163,009	15,639
Lost	1,437,734	1,076,204
	<u>1,661,518</u>	<u>1,093,392</u>
Performing	294,785	261,339
	<u>1,956,303</u>	<u>1,354,731</u>
4.2 The maturity profile of the gross loans and advances is as follows:		
Within 1 month	1,246,363	589,627
1 - 3 months	956,124	1,254,829
3 - 6 months	2,609,715	1,010,867
6 - 12 months	5,256,313	2,261,165
Over 12 months	21,781,488	22,140,430
	<u>31,850,003</u>	<u>27,256,918</u>
4.3 As stated fully in Note 27, certain mortgage loans amounting to N21.87 billion has been transferred to off balance sheet transactions. The company no longer bears any risk on these loans and as such, no provision is made for them.		
5 Other Assets		
Deferred share issue expenses	48,285	85,441
Prepayments	202,968	71,014
Other receivable accounts	490,529	185,920
Interbranch balances	-	261,380
Capital work in progress	52,747	10,530
Cheques for clearing	5,951	-
Sundry accounts	536,155	44,812
	<u>1,336,635</u>	<u>659,097</u>
Provision on other assets [Note 5.1]	(296,080)	(157,135)
	<u>1,040,555</u>	<u>501,962</u>
5.1 Details of provision on other assets		
Prepayments	19,192	19,192
Other receivable accounts	249,125	133,821
Interbranch balances	-	2,613
Sundry accounts	27,763	1,509
	<u>296,080</u>	<u>157,135</u>

ASO SAVINGS AND LOANS PLC

Notes to the accounts

For The Year Ended 31 March 2008

6 Fixed Assets

	Land & Buildings N'000	Plant & Machinery N'000	Furniture, Fittings & Equipment N'000	Computer Software & Equipment N'000	Motor Vehicles N'000	Leased Assets N'000	Total N'000
Cost						(Note 6.1)	
At 1 April 2007	137,565	22,914	96,160	93,927	29,097	38,850	418,513
Additions during the year	114,192	14,367	76,318	350,034	71,398	30,180	656,489
Disposals during the year	-	(16,901)	(35,033)	(20,491)	(25,290)	-	(97,715)
At 31 March 2008	<u>251,757</u>	<u>20,380</u>	<u>137,445</u>	<u>423,470</u>	<u>75,205</u>	<u>69,030</u>	<u>977,287</u>
Depreciation							
At 1 April 2007	29,110	19,148	44,056	38,483	24,903	2,416	158,116
Charge for the year	6,774	3,627	19,545	67,975	8,968	11,939	118,828
On Disposal	-	(14,265)	(34,273)	(20,388)	(24,550)	-	(93,476)
At 31 March 2008	<u>35,884</u>	<u>8,510</u>	<u>29,328</u>	<u>86,070</u>	<u>9,321</u>	<u>14,355</u>	<u>183,468</u>
Net Book Value							
At 31 March 2008	<u>215,873</u>	<u>11,870</u>	<u>108,117</u>	<u>337,400</u>	<u>65,884</u>	<u>54,675</u>	<u>793,819</u>
At 31 March 2007	<u>108,455</u>	<u>3,766</u>	<u>52,104</u>	<u>55,444</u>	<u>4,194</u>	<u>36,434</u>	<u>260,397</u>

6.1 Leased assets comprise:

	Plant & Machinery N'000	Furniture, Fittings & Equipment N'000	Computer Software & Equipment N'000	Motor Vehicles N'000	Total N'000
Cost					
At 1 April 2007	8,471	5,248	8,206	16,925	38,850
Additions during the year	-	-	-	30,180	30,180
At 31 March 2008	<u>8,471</u>	<u>5,248</u>	<u>8,206</u>	<u>47,105</u>	<u>69,030</u>
Depreciation					
At 1 April 2007	388	210	986	832	2,416
Charge for the year	1,140	949	1,054	8,796	11,939
At 31 March 2008	<u>1,528</u>	<u>1,159</u>	<u>2,040</u>	<u>9,628</u>	<u>14,355</u>
Net Book Value					
At 31 March 2008	<u>6,943</u>	<u>4,089</u>	<u>6,166</u>	<u>37,477</u>	<u>54,675</u>
At 31 March 2007	<u>8,083</u>	<u>5,038</u>	<u>7,220</u>	<u>16,093</u>	<u>36,434</u>

The leased assets were acquired under finance lease arrangement

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For The Year Ended 31 March 2008

	2008 N'000	2007 N'000
7 Deposits and other accounts		
.1. Deposits and other accounts comprise:		
Time	9,967,232	1,701,008
Demand	34,566,461	34,592,756
Savings	765,071	809,159
	<u>45,298,764</u>	<u>37,102,923</u>
.2. The maturity profile of deposits liabilities is as follows:		
Within 1 month	20,739,877	20,755,654
Between 1-3 months	16,700,928	14,666,934
Between 3-6 months	7,857,960	1,680,336
	<u>45,298,765</u>	<u>37,102,924</u>
8 Taxation		
Income tax	167,727	9,565
Education tax	21,562	-
Per profit and loss account	<u>189,289</u>	<u>9,565</u>
Balance brought forward	16,652	8,986
Paid during the year	(16,652)	(1,899)
Per balance sheet	<u>189,289</u>	<u>16,652</u>
<p>The charge for taxation in these accounts is based on the provisions of the Companies Income Tax Act as amended to date. The charge for education tax is based on the provisions of Education Tax Act,1993.</p>		
9 Deferred Taxation		
For the year	62,943	-
Prior periods charged in the year	17,984	-
	<u>80,927</u>	<u>-</u>
10 Other Liabilities		
Payable and transfers	809,317	1,468,836
Provision for gratuity	38,020	28,466
Interest payable on term deposit	805,468	29,569
Interest received in advance	400,517	19,373
Obligation under finance lease	75,579	56,808
Uncleared effects	2,358,332	182,130
Deferred income	156,664	64,976
	<u>4,643,897</u>	<u>1,850,158</u>

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For The Year Ended 31 March 2008

	2008 N'000	2007 N'000
11 Long-term Borrowings		
Federal Mortgage Bank of Nigeria	699,061	485,008
First Inland Bank Plc	3,605,900	-
	<u>4,304,961</u>	<u>485,008</u>

These represent funds obtained from Federal Mortgage Bank and disbursed to beneficiaries of National Housing Fund (NHF) and long term mortgage backed finance loan from commercial bank for onward lending to customers. The loans have tenors of between 6 and 21 years. The corresponding assets created are included in loans and advances in Note 4.

12 Share Capital		
Authorised:		
10 billion ordinary shares of 50k each [2007:		
2.7 billion shares of N1 each]	<u>5,000,000</u>	<u>2,700,000</u>
Called up and fully paid:		
8,679,148,676 ordinary shares of 50k each		
[2007: 107,239,630 shares of N1 each]		
At 1 April	107,240	107,240
Issued during the year	4,232,334	-
At 31 March	<u>4,339,574</u>	<u>107,240</u>

- 12.1 The company increased its authorised share capital from N2.7 billion to N5 billion during the year and the notice of the increase was registered with Corporate Affairs Commission on 26 September 2007.
- 12.2 At the Extraordinary General Meeting of the company held on 19 February 2008, the shareholders approved a stock split of N1 share to 2 shares of 50 kobo each.
- 12.3 The company raised a sum of N4.23 billion through private placement and the shares which were issued at par value were allotted on 26 November 2007.

13 Statutory Reserve		
The movement on this account in the year was as follows		
At 1 April	70,460	70,460
Transfer from profit and loss account	212,353	-
At 31 March	<u>282,813</u>	<u>70,460</u>
14 General Reserve		
At 1 April	(433,791)	(710,409)
Transfer from profit and loss account	849,413	276,618
At 31 March	<u>415,622</u>	<u>(433,791)</u>

- 14.1 The Directors propose that a dividend of 5k per ordinary share will be paid to shareholders in respect of the current year (2007:nil). The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is accounted for on the date of declaration as they do not meet the criteria of present obligation as required in the Statement of Accounting Standard (SAS 23). Proposed dividend is subject to a withholding tax at the appropriate rate and is payable to all shareholders on the Register of Members as at closure date. The total estimated dividend to be paid is N434 million (2007:nil).

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For The Year Ended 31 March 2008

15 Summary of Movements on Provision for Risk Assets

	Loans and advances N'000	Investments & Other assets N'000	Total 2008 N'000	Total 2007 N'000
Principal				
At 1 April	1,058,814	207,136	1,265,950	860,879
Provided during the year	603,446	140,312	743,758	649,738
Recoveries during the year	(100,433)	(1,368)	(101,801)	(244,667)
At 31 March	<u>1,561,827</u>	<u>346,080</u>	<u>1,907,907</u>	<u>1,265,950</u>
Interest in suspense				
At 1 April	295,918	-	295,918	278,421
Additions for the year	128,151	-	128,151	50,364
Released during the year	(29,593)	-	(29,593)	(32,867)
At 31 March	<u>394,476</u>	<u>-</u>	<u>394,476</u>	<u>295,918</u>
Total as at 31 March	<u>1,956,303</u>	<u>346,080</u>	<u>2,302,383</u>	<u>1,561,868</u>
		2008 N'000	2007 N'000	
16 Interest Income				
Non- Bank Sources				
Loans and Advances		3,821,012	960,769	
Bank Sources:				
Placements with Banks		2,225,604	470,881	
		<u>6,046,616</u>	<u>1,431,650</u>	
17 Interest Expenses				
NHF loans		21,880	21,433	
Other deposits & interbank takings		2,296,768	561,704	
Time deposits		604,492	106,962	
		<u>2,923,140</u>	<u>690,099</u>	
18 Other Operating Income				
Commission on Turnover		217,550	137,963	
Loans management fees		252,110	226,545	
Administrative and processing charges		365,971	119,886	
Miscellaneous Income		180,888	63,609	
		<u>1,016,519</u>	<u>548,003</u>	
19 Exceptional Expenses				
Private placement expenses		412,024	-	
Listing expenses		24,709	-	
		<u>436,733</u>	<u>-</u>	

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For The Year Ended 31 March 2008

	2008 N'000	2007 N'000
20 Profit before Taxation		
Profit before taxation for the period is stated after charging the following:		
Directors emoluments	5,947	2,718
Lease finance charges	19,462	7,228
NDIC premium	147,170	-
Loss on asset disposal	1,216	-
Auditors' remuneration	<u>5,000</u>	<u>2,400</u>
21 Staff costs		
Employees costs for the period amounted to:		
Wages and Salaries	630,260	288,892
Other pension Costs	<u>53,466</u>	<u>37,892</u>
	<u>683,726</u>	<u>326,784</u>
22 Directors' Remuneration		
.1 Remuneration paid to Directors of the company was as follows:		
Fees	4,150	475
Other emoluments	<u>1,797</u>	<u>2,243</u>
	<u>5,947</u>	<u>2,718</u>
.2 The directors' remuneration shown above (excluding pension contributions and certain benefits) includes:		
Chairman	1,000	500
Highest- paid director	1,900	1,900
23 Gross Earnings comprise:		
Interest income	6,046,616	960,769
Non interest income	<u>1,016,519</u>	<u>548,003</u>
	<u>7,063,135</u>	<u>1,508,772</u>
24 Earnings per share		
Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.		
Earnings for the year attributable to shareholders (N'000)	<u>1,061,766</u>	<u>276,618</u>
Weighted average number of ordinary shares in issue ('000 units)	3,159,721	107,240
Adjusted weighted average number of ordinary shares ('000 units)	3,159,721	214,480
Basic earnings per share (kobo)	34	258
Adjusted earnings per share (kobo) [Note 24.2]	34	129

ASO SAVINGS AND LOANS PLC

Notes To The Accounts For The Year Ended 31 March 2008

- 24.1 The weighted average number of ordinary shares in issue of 3,159,721,000 as stated above is less than the actual number of ordinary shares in issue of 8,679,148,000 at the year end because the shares issued during the year included in the weighted average number of shares reflect the date the consideration was received.
- 24.2 The adjusted weighted average number of ordinary shares and earnings per share in respect of previous year arose from the stock split as stated in Note 12.2.
- 24.3 There were no potentially dilutive ordinary shares at either year end.

25 Contraventions

The company contravened the following sections of the Revised Guidelines for Primary Mortgage Institutions

Section	Nature of contraventions	Number of times	Penalty paid
15(d)	Closure of cash centre without approval	1	50,000
10 (f)	Use of depositors' fund to acquire assets	1	100,000
7(E)(b)	Late submission of returns	1	14,000

The contraventions were committed in previous accounting year but the company was penalised during the year.

	2008 N'000	2007 N'000
26 Reconciliation of Profit After Tax to Net Cashflow from Operating Activities		
Profit After Tax	1,061,766	276,618
<i>Adjustments to reconcile profit to net cashflow from operating activities:</i>		
Gross provision for bad and doubtful accounts	743,758	649,738
Loss on fixed assets disposed	1,216	-
Depreciation	118,829	28,046
Change in tax payable	253,564	12,921
Net change in operating assets	(5,270,623)	(26,004,407)
Net change in operating liabilities	19,030,057	39,061,229
	<u>15,938,567</u>	<u>14,024,145</u>

26.1 *Non-cash financing and investment activities*

As stated in Note 6, during the year, the company entered into finance lease arrangements in respect of assets with a total lease cost at inception of the leases of N78,694,208

27 Off balance sheet transactions

At 31 March

21,866,997

-

- 27.1 Aso Savings and Loans Plc entered into a quadripartite Mortgage Sales and Purchase Agreement during the year with FMBN SPV Mortgages Trustees Limited, First Trustees Nigeria Limited and FMBN SPV Funding Limited, to assign all its rights, title and interest in certain mortgage loans given during the sale of Federal Government houses exercise to FMBN SPV Mortgages Trustees Limited at a consideration of full value of the loans at the transfer date.

ASO SAVINGS AND LOANS PLC

Notes To The Accounts For The Year Ended 31 March 2008

27.2 By another bilateral Servicing Agreement, FMBN SPV Mortgages Trustees Limited appointed Aso Savings and Loans Plc as the Administrator of the loans for a fixed fee.

27.3 These loans were reported as part of loans and advances of Aso Savings and Loans Plc in previous year.

28 Claims and Litigations

The company in the course of business was at year end involved in seven cases as a defendant and one case as plaintiff. The total amount claimed in the seven cases against the company is estimated at N11,504,846. However, the Directors are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the company.

29 Non-Performing Insider Related Credits

The total outstanding balance of insider related credits as at 31 March 2008 was N3.04 billion [2007:N0.595 billion] out of which facilities having outstanding balance of N0.539 billion [2007:N0.590 billion] were classified as non-performing. The detail of non-performing facilities is as follows:

<i>Name of borrower</i>	<i>Balance at 31/03/2008 N'000</i>	<i>Int Rate %</i>	<i>Total Provision N'000</i>	<i>Branch Code</i>	<i>Relationship to Institution</i>	<i>Security</i>
<i>Akin Adaramola C.</i>						
Ecosense Ventures	3,835	24	3,835	01	Ex Managing Director	Nil
Akin Adaramola C.	3,026	24	3,026	01	Ex Managing Director	Nil
Akin Adaramola C.	5,712	24	5,712	06	Ex Managing Director	Nil
<i>Tafida Bala Ahmad</i>						
Balan Nig. Ltd.	16,360	24	16,360	01	Ex Managing Director	Nil
Shelter & Gen.Services	2,704	24	2,704	01	Ex Managing Director	Nil
Nakowa Motors	5,354	24	5,354	01	Ex Managing Director	Nil
Munificent Nig.Ltd.	1,710	24	1,710	01	Ex MD's relation	Nil
H&S Construction Co. Ltd.	5,302	24	5,302	01	Ex MD's relation	Nil
Aso Solid Investment Limited	392,260	24	392,260	01	Related company	Nil
Aso Solid Ventures Limited	97,630	24	97,630	01	Related company	Nil
<i>Ishaya Adiu</i>						
Stereb Nig. Ltd.	1,932	24	1,932	01	Ex Managing Director	Nil
<i>Godfrey Miri.S</i>						
Godfrey Miri.S	2,273	24	2,273	01	Ex- Director	Nil
<i>Bashir Abdullahi</i>						
Bashir Abdullahi	384	24	384	01	Ex Director in related coy	Nil
<i>Umaru Waziri</i>						
Umaru Waziri	710	24	710	01	Ex Director in related coy	Nil
Total	539,191		539,191			

30 Comparative figures

Certain comparative balances have been reclassified to ensure proper disclosure and uniformity with the current year presentation.

31 Post balance sheet events

The company's shares were listed on the Nigerian Stock Exchange on 25 April 2008

ASO SAVINGS AND LOANS PLC

Value Added Statement

For The Year Ended 31 March 2008

	2008 N'000	%	2007 N'000	%
Gross Earnings	7,063,135		1,979,653	
Interest Expenses	<u>(2,923,140)</u>		<u>(690,099)</u>	
	4,139,995		1,289,554	
Provision on risk assets	(641,957)		(455,435)	
Bought-in-materials and services	<u>(1,363,501)</u>		<u>(193,105)</u>	
Value Added for the period	<u><u>2,134,537</u></u>	<u>100</u>	<u><u>641,014</u></u>	<u>100</u>
Applied as follows:				
To pay employees:				
Staff and pension costs	683,726	32	326,785	52
To pay Government:				
Taxes	189,289	9	9,565	1
Retained for future replacement of assets, payment of dividend to shareholders and expansion of business:				
Depreciation	118,829	6	28,046	4
Deferred taxation	80,927	4	-	-
Profit for the period (including statutory reserves)	<u>1,061,766</u>	<u>49</u>	<u>276,618</u>	<u>43</u>
	<u><u>2,134,537</u></u>	<u>100</u>	<u><u>641,014</u></u>	<u>100</u>

Value added represents the additional wealth created by the efforts of the company and its employees. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the creation of more wealth.

ASO SAVINGS AND LOANS PLC
Five Year Financial Summary

	31 March	2008	2007	2006	2005	2004
		N'000	N'000	N'000	N'000	N'000
BALANCE SHEET						
Assets employed						
Cash and short term funds		9,120,775	2,974,560	109,581	91,149	156,174
Balances with other banks		26,271,422	14,191,133	2,011,594	917,425	546,111
Investments in other companies		157,870	2,760	52,760	52,760	52,760
Loans and advances		29,893,700	25,902,187	930,045	992,981	1,144,557
Other assets		1,040,555	501,963	86,932	77,334	91,332
Fixed assets		793,819	260,399	150,549	156,635	133,603
		<u>67,278,141</u>	<u>43,833,002</u>	<u>3,341,460</u>	<u>2,288,284</u>	<u>2,124,537</u>
Liabilities						
Deposits and other accounts		45,298,764	37,102,924	3,163,282	2,185,936	1,689,328
Sundry liabilities		12,366,191	6,484,509	237,006	81,360	95,879
Current & deferred taxation		270,216	16,652	8,986	11,318	13,399
		<u>57,935,171</u>	<u>43,604,085</u>	<u>3,409,274</u>	<u>2,278,614</u>	<u>1,798,606</u>
		<u>9,342,970</u>	<u>228,917</u>	<u>(67,813)</u>	<u>9,670</u>	<u>325,931</u>
Capital and reserves						
Share capital		4,339,574	107,240	107,240	107,240	107,240
Statutory reserve		282,813	70,460	70,460	70,460	70,459
General reserve		415,622	(433,791)	(710,409)	(463,169)	110,400
Shareholders' funds		<u>5,038,009</u>	<u>(256,091)</u>	<u>(532,709)</u>	<u>(285,469)</u>	<u>288,099</u>
Long term borrowings		4,304,961	485,008	464,896	295,139	37,832
		<u>9,342,970</u>	<u>228,917</u>	<u>(67,813)</u>	<u>9,670</u>	<u>325,931</u>
Off balance sheet transactions		<u>21,866,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROFIT AND LOSS ACCOUNT						
Gross Earnings		<u>7,063,135</u>	<u>1,979,653</u>	<u>507,971</u>	<u>388,529</u>	<u>366,863</u>
Profit/(Loss) before taxation		1,331,982	286,183	(246,338)	(573,568)	40,029
Taxation -current & deferred		<u>(270,216)</u>	<u>(9,565)</u>	<u>(902)</u>	<u>-</u>	<u>(5,000)</u>
Profit/(Loss) after taxation		<u>1,061,766</u>	<u>276,618</u>	<u>(247,240)</u>	<u>(573,568)</u>	<u>35,029</u>
Earnings per share [basic] (actual)		34k	258k	(230k)	(535k)	33k
Earnings per 50k share (adjusted)		34k	129k			
Net assets per share (actual)		161k	(238k)	(497k)	(266k)	269k
Net assets per 50k share (adjusted)		161k	(119k)			

The basis of computations of earnings and net assets per share is stated in Note 24.