

ASO SAVINGS AND LOANS PLC

RC 283162

BALANCE SHEET AS AT 31 MARCH 2006

	2006 ₦'000	2005 ₦'000
USE OF FUNDS		
Cash and bank balances	109,581	91,149
Placements	2,011,594	917,425
Investments	52,760	52,760
Loans and advances	930,045	992,981
Other assets	86,932	77,334
Fixed assets	<u>150,549</u>	<u>156,635</u>
	<u>3,341,461</u>	<u>2,288,284</u>
LIABILITIES		
Deposit and other customers accounts	3,163,282	2,185,936
Taxation	8,986	11,318
Other liabilities	237,006	81,360
Long-term liabilities	<u>464,896</u>	<u>295,139</u>
	<u>3,874,170</u>	<u>2,573,753</u>
	<u>(532,709)</u>	<u>(285,469)</u>
CAPITAL AND RESERVES		
Paid-up share capital	107,240	107,240
Reserves	<u>(639,949)</u>	<u>(392,709)</u>
SHAREHOLDERS' FUNDS	<u>(532,709)</u>	<u>(285,469)</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006

	₦	₦
Gross earnings	<u>507,971</u>	<u>388,529</u>
Loss after taxation	<u>(247,240)</u>	<u>(573,568)</u>
DEALT WITH AS FOLLOWS		
Transfer to general reserve	<u>(247,240)</u>	<u>(573,568)</u>

Tijani M. Abdullahi
[Chairman]

Hassan T. M. Usman
[Managing Director / CE]

Directors

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

We have audited the financial statements of **Aso Savings and Loans Plc** for the year ended 31 March 2006 which have been prepared on the basis of the company's accounting policies.

Respective Responsibilities of Directors and Auditors

In accordance with the Companies and Allied Matters Act, 1990 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

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. The financial statements are in agreement with the books of account, which have been properly kept. We have examined the books at the head office and some branches and have received proper returns adequate for our audit, from branches not visited by us.

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 annexed financial statements.

During the year ended 31 March 2006, the company contravened certain sections of the Revised Guidelines for Primary Mortgage Institutions. The particulars thereof and penalties paid are set out in annexed financial statements.

The company had a negative shareholders' fund of N532.7million as at 31 March 2006 [(2005: (N285.4million)]. The accounts have been prepared on a going concern basis and the validity of this depends on the successful recapitalisation of the company (Note 25 of the financial statements). The accounts do not include any adjustments that would result should the company be unable to continue in operational existence.

Without qualifying our opinion, we draw attention to Note 13a regarding the company's non-compliance with the minimum issued share capital as required by Section 103 of the Companies and Allied Matters Act 1990

Qualified Opinion

Except for the issue raised in paragraph 8, in our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March, 2006 and of the loss and cash flow for the year ended on that date and have been properly prepared in accordance with the provisions of Banks and Other Financial Institutions Act, 1991, all relevant circulars issued by the Central Bank of Nigeria, all relevant statements of accounting standards issued by the Nigerian Accounting Standards Board and the Companies and Allied Matters Act, 1990.

CHARTERED ACCOUNTANTS
KANO, NIGERIA

DIRECTORS: *Tijani M. Abdulahi (Chairman), Hassan T. M. Usman (Managing Director/ Chief Executive),
Joshua A. Maikori, Jummai A. Kwanashie (Mrs).*

ASO SAVINGS & LOANS PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2005**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH, 2006**

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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

CORPORATE INFORMATION

DIRECTORS

Tijjani M. Abdullahi	Chairman
Hassan T.M. Usman	Managing Director from 1 January 2006.
Joshua A Maikori	Director from 7 September 2005
Jummai A. Kwanashie (Mrs)	Director from 6 January 2006

Directors that left during the year:

H.A. Abdullahi (Mrs)	Director from 7 September 2005 to 6 January 2006
Col. B. T. Kachim (Rtd.)	Director up to 7 September 2005
Umaru Waziri	Director up to July, 2005
S.B. Galwuyi	Director up to July 2005
Tafida Isyaku Bala Ahmed	Managing Director up to 22 August 2005
Isyaku Bello	Acting Managing Director from 23 August 2005 to 31 December 2005

REGISTERED OFFICE

8, Ogbomosho Street
Area 8, Garki
Abuja.

SECRETARY\GENERAL COUNSEL

Bilikisu Rimi

AUDITORS

Aminu Ibrahim & Co.
(Chartered Accountants)
26, Post Office Road,
Kano.

ASO SAVINGS AND LOANS PLC

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

RESULTS AT A GLANCE

	2006 N'000	2005 N'000	<i>Percentage Difference %</i>
Major Profit and Loss Account Items			
Gross earnings	507,971	388,529	31
Interest paid	(173,424)	(105,662)	(64)
Provision for the year	(200,017)	(577,837)	65
General and admin expenses including depreciation	(301,750)	(259,021)	(16)
Restructuring expenses	(79,118)	-	(100)
Loss before taxation	(246,338)	(573,568)	57
Loss after taxation	(247,240)	(573,568)	57
Major Balance Sheet Items			
Deposits	3,163,282	2,185,936	45
Loans and advances	930,045	992,981	(6)
Paid up share capital	107,240	107,240	0
Shareholder funds	(532,709)	(285,469)	(87)
Long term fund-NHF	464,896	295,139	58
Total assets	3,341,461	2,288,284	46
Total liabilities excluding long term funds	3,409,274	2,278,614	50
<u>Per N1 Share Data</u>			
Earnings (kobo)	kobo (230)	kobo (535)	57
Net assets (kobo)	(497)	(266)	87
<u>Others</u>			
Employees (permanent)	Number 53	Number 171	(69)
Employees (contract)	36	0	100
Branches	12	10	20

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

DIRECTORS REPORT

The Directors present their annual report on the affairs of **Aso Savings and Loans Plc** ("the company") together with the financial statements and auditors' report for the year ended 31 March, 2006.

Principal activity and business review:

The principal activity of the company continues to be the provision of retail mortgage-banking services which include saving schemes, house ownership scheme and mortgage products.

Legal Form:

The company was incorporated on 9 November 1995 as a Private Limited Liability Company and was licensed to operate as a mortgage Institution in December 1996 and commenced operation in January 1997. It converted to a Public Limited Liability Company on 22 September 2005.

The company's results are shown as follows:

	2006 ₦'000	2005 ₦'000
Loss after taxation	(247,240)	(573,568)
Transfer to statutory reserve	-	-
Retained loss for the year	(247,240)	(573,568)
Retained profit\loss brought forward	(463,169)	110,401
	<u>(710,409)</u> =====	<u>(463,169)</u> =====

Directors and their interests:

The names of the directors at the date of this report and of those who have served during the year are as stated under Corporate Information on page 2.

The interest of the directors in the issued share capital of the company, as recorded in the register of directors' holdings as at 31 March 2006 are as follows:

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

DIRECTORS REPORT (Cont'd)

	2006	2005
Joshua A. Maikori	1,015,664	1,015,664
Umaru Waziri	92,099	92,099
Other Directors	Nil	Nil

Significant Shareholders:

Abuja Investments and Property Development Company Limited own 51% of the issued share capital. No other shareholder individually owns more than 10%.

Fixed Assets:

Information on fixed assets owned by the company at the date of this financial statement is given in Note 6 to this financial statement.

Employment policies:

It is the policy of the company that there should be no unfair discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunity to develop. The policy of the company is to employ, through highly competitive procedures, efficient and competent persons to meet its manpower requirements.

Health and Safety of Employees:

Health and Safety regulations are enforced within the company's premises and employees are aware of safety regulations.

Employees involvement and Training:

The company is committed to keeping employees as fully informed regarding the company's performance and progress and seeking their views whenever practicable on matters which particularly affect them as employees. Management, professional and technical expertises are the company's major assets and investment in their future development continues. The company's expanding skills base has extended by range of training provided to its employees whose opportunities for career development within the company has thus been enhanced.

Charitable Donations:

The company made contributions to charitable and educational organisations in Nigeria during the period amounting to ₦415,000 (2004: ₦671,018)

The following contributions were made during the period:

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

DIRECTORS REPORT (Cont'd).

	N
S.O. Fadahunsi Housing Foundation	100,000
F.C.T. Volleyball Team	100,000
F. C. T. Sports Council	70,000
Various individually below N 20,000 each	145,000
	<u>415,000</u>
	=====

Auditors:

The auditors Messrs Aminu Ibrahim & Co have indicated their willingness to continue in office.

BY ORDER OF THE BOARD

Company Secretary



REPORT OF THE 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 2006 set out on pages 11 to 25 which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of Directors and Auditors:

In accordance with the Companies and Allied Matters Act, 1990, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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. The financial statements are in agreement with the books of account, which have been properly kept. We have examined the books at the head office and some branches and have received proper returns adequate for our audit, from branches not visited by us.

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 19.

During the year ended 31 March 2006, the company contravened certain sections of the Revised Guidelines for Primary Mortgage Institutions. The particulars thereof and penalties paid are set out in Note 22

The company had a negative shareholders' fund of ₦532.7million as at 31 March 2006 [2005: (₦285.4)]. The accounts have been prepared on a going concern basis and the validity of this depends on the successful recapitalisation of the company (Note 25). The accounts do not include any adjustments that would result should the company be unable to continue in operational existence.

Without qualifying our opinion, we draw attention to Note 13a regarding the company's non-compliance with the minimum issued share capital as required by Section 103 of the Companies and Allied Matters Act 1990

Qualified Opinion

Except for the issue raised in paragraph 8, in our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March, 2006 and of the loss and cash flow for the year ended on that date and have been properly prepared in accordance with the provisions of Banks and Other Financial Institutions Act, 1991, all relevant circulars issued by the Central Bank of Nigeria, all relevant statements of accounting standards issued by the Nigerian Accounting Standards Board and the Companies and Allied Matters Act, 1990.

Kano, Nigeria

Chartered Accountants

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

REPORT OF THE AUDIT COMMITTEE

In accordance with section 359 (6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended 31 March 2006 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.
2. The accounting and reporting policies of the company conformed to the statutory requirements and agreed ethical practices.
3. The internal controls were constantly and adequately monitored; and
4. We have reviewed the Auditors' findings on management matters and are satisfied with the departmental responses thereon.

Dated 23 May 2006

J. A. Maikori
Chairman, Audit Committee

Members of the Committee

Joshua A. Maikori
Ibrahim Aliyu

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

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:

	2006	2005
	%	%
Land	-	-
Building	5	5
Office furniture, fittings and equipment	20	20
Computer equipment	33.3	20
Motor vehicles	25	25
Plant and machinery	20	20

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) **Bad and doubtful debts:**

Loans and advances are stated after deduction of provision against debts considered doubtful of recovery. They are classified between performing and 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.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

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 taken to the profit and loss account 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 contributory staff retirement benefit scheme. The matching contribution by the company is based on current basic salaries and designated allowances and it is charged to profit and loss account.

ASO SAVINGS AND LOANS PLC

Balance Sheet As at 31 March 2006

	NOTES	2006 N'000	2005 N'000
Assets:			
Cash and Bank Balances	1	109,581	91,149
Placements	2	2,011,594	917,425
Investments	3	52,760	52,760
Loans and advances	4	930,045	992,981
Other Assets	5	86,932	77,334
Fixed Assets	6	<u>150,549</u>	<u>156,635</u>
		<u>3,341,461</u>	<u>2,288,284</u>
Liabilities			
Deposits and other customers' accounts	7	3,163,282	2,185,936
Taxation	8a	8,986	11,318
Other liabilities	9(a)	237,006	81,360
Long-term liabilities	9(b)	<u>464,896</u>	<u>295,139</u>
		<u>3,874,170</u>	<u>2,573,753</u>
Net Liabilities		<u>(532,709)</u>	<u>(285,469)</u>
Capital and Reserves:			
Share capital	13a	107,240	107,240
Statutory Reserve	14	70,460	70,460
General Reserve	15	<u>(710,409)</u>	<u>(463,169)</u>
Shareholders funds		<u>(532,709)</u>	<u>(285,469)</u>

The financial statements were approved by the Board of Directors of Aso Savings and Loans Plc on 23 May 2006 and were signed on its behalf by:

Tijjani M. Abdullahi (Chairman)

Hassan T. M. Usman (Managing Director)

The accounting policies on pages 9 to 10 and the notes on pages 14 to 23 form an integral part of these financial statements.

ASO SAVINGS AND LOANS PLC

Profit and Loss Account For The Year Ended 31 March 2006

	NOTES	2006 N'000	2005 N'000
Interest income	10	309,786	280,578
Interest expenses	11	<u>(173,424)</u>	<u>(105,662)</u>
Net Interest Income		136,362	174,917
Other Operating income	12	<u>198,185</u>	<u>107,951</u>
		334,547	282,867
Operating expenses		(268,771)	(252,891)
Provision for loans & other losses	16	(200,017)	(577,837)
Exceptional items - restructuring expenses	25	(79,118)	-
Depreciation		<u>(32,979)</u>	<u>(25,708)</u>
Loss before Taxation		(246,338)	(573,568)
Taxation	8a	(902)	-
Loss after taxation transferred to general reserve	17	<u>(247,240)</u>	<u>(573,568)</u>
Loss per share (kobo)	23	<u>(230)</u>	<u>(535)</u>

The accounting policies on pages 9 to 10 and the notes on pages 14 to 23 form an integral part of these financial statements.

ASO SAVINGS AND LOANS PLC

Cash Flow Statement For The Year Ended 31 March 2006

	NOTES	2006 N'000	2005 N'000
Cash from Operating Activities			
Interest and commissions received	10	309,786	280,578
Interest payments	11	(173,424)	(105,662)
Payments to employee & suppliers		(347,889)	(252,891)
Income tax paid	8a	(3,235)	(2,082)
Other incomes excluding sale of fixed assets	12	197,513	107,951
Operating profit(Loss) before changes in operating assets		<u>(17,249)</u>	<u>27,895</u>
(Increase)/Decrease in operating assets:			
Funds advanced to customers		(105,200)	(308,130)
Other assets		(40,423)	(104,133)
		<u>(145,623)</u>	<u>(412,263)</u>
Increase/(Decrease) in operating liabilities:			
Deposits and savings from customers		977,346	496,608
Other liabilities		155,646	(14,519)
Long-term liabilities		169,757	257,307
		<u>1,302,749</u>	<u>739,396</u>
Net cash provided by operating activities	20	<u>1,139,877</u>	<u>355,028</u>
Cashflows from Investing Activities			
Purchase of fixed assets		(27,948)	(48,740)
Proceeds from sale of fixed assets		672	-
Net cash used in investing activities		<u>(27,276)</u>	<u>(48,740)</u>
Net increase in cash and cash equivalents		1,112,601	306,288
Cash and cash equivalents at 1 April 2005		1,008,574	702,285
Cash and cash equivalents at 31 March 2006		<u>2,121,175</u>	<u>1,008,574</u>
Analysis of cash and cash equivalent as at 31 March 2006			
Cash and Bank Balances		109,581	91,149
Placements		2,011,594	917,425
		<u>2,121,175</u>	<u>1,008,574</u>

ASO SAVINGS AND LOANS PLC

Notes to the Accounts
For the Year Ended 31 March 2006

	2006 N'000	2005 N'000
1 Cash and Bank Balances		
Cash and Bank Balances Comprise:		
Cash	36,774	34,884
Balances held with Federal Mortgage Bank of Nigeria	1,389	1,380
Balances held with other banks	71,418	54,885
	<u>109,581</u>	<u>91,149</u>
2 Placements		
Placements Comprise:		
Certificates of Deposits	<u>2,011,594</u>	<u>917,425</u>
3 Investments		
Unquoted equities		
Aso Solid Investment Ltd	50,000	50,000
Aso Insurance Brokers Ltd	2,760	2,760
	<u>52,760</u>	<u>52,760</u>
3a. Aso Savings and Loans Plc owns 100% and 20% shares in Aso Solid Investments Limited and Aso Insurance Brokers Limited respectively.		
3b. In the opinion of the Directors, the value of the unquoted investments is not lower than the cost.		
4 Loans and Advances		
4a(i) Analysis by security		
Mortgage Loans secured against real estate	662,562	593,651
Otherwise Secured	1,215,004	1,173,224
Staff Loans	28,807	19,377
Gross Loans	<u>1,906,373</u>	<u>1,786,252</u>
Less:		
Provision for bad and doubtful debts (Notes 4b and 16)	<u>(976,328)</u>	<u>(793,271)</u>
	<u>930,045</u>	<u>992,981</u>
4a(ii) Analysis by performance:		
Performing	720,603	868,886
Non- Performing:		
Substandard	172,518	64,331
Doubtful	122,764	149,770
Lost	890,488	703,265
	<u>1,906,373</u>	<u>1,786,252</u>

ASO SAVINGS AND LOANS PLC

Notes to the Accounts For the Year Ended 31 March 2006

	2006 N'000	2005 N'000
4b. 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	17,252	6,433
Doubtful	61,382	74,885
Lost	<u>890,488</u>	<u>703,265</u>
	969,122	784,583
Performing	<u>7,206</u>	<u>8,688</u>
	<u><u>976,328</u></u>	<u><u>793,271</u></u>
4c. The maturity profile of the gross loans and advances is as follows:		
Within 1 month	108,698	53,583
1 - 3 months	496,773	446,564
3 - 6 months	428,666	357,251
6 - 12 months	668,672	714,503
Over 12 months	203,565	214,351
	<u>1,906,373</u>	<u>1,786,252</u>
5 Other Assets		
5a. Other assets comprise:		
Deposit for Shares	30,000	30,000
Building under Construction	10,530	-
Stationery Stock	2,803	893
Prepayments	14,402	15,756
Fixed Deposit Interest	-	131
Interest Receivable	22,887	17,351
Interbranch Balances	7,210	5
Sundry Debtors	6,649	183
Withholding taxes	1,972	-
Uncleared Effects	37,292	21,773
Frauds & Forgeries	32,158	33,011
Placements in Distressed banks	84,000	84,000
Due from other Banks	-	6,377
	<u>249,903</u>	<u>209,480</u>
Provision on other assets (Notes 5b and 16)	<u>(162,971)</u>	<u>(132,146)</u>
	<u><u>86,932</u></u>	<u><u>77,334</u></u>
5b. Details of provisions on other assets		
Frauds & Forgeries	32,158	33,011
Deposit for share in Aso Consult Limited	30,000	-
Other Losses - Ecobank	-	6,377
Interest Receivable from other banks	8,758	8,758
Interest Receivable from Gateway-WHT	1,972	-
Placements in Distressed banks	84,000	84,000
Obsolete Stationery Stock	104	-
Sundry Debtors	5,979	-
	<u>162,971</u>	<u>132,146</u>
5c. The Directors are of the opinion that there are no diminution in the carrying value of the assets		

ASO SAVINGS AND LOANS PLC

Notes to the accounts
For the Year Ended 31 March 2006

Note 6	Leasehold Land N'000	Buildings N'000	Plant & Machinery N'000	Office Equipment N'000	Computer & Data Equip N'000	Motor Vehicle N'000	Furniture & Fittings N'000	Total N'000
Cost								
At 01/04/05	7,649	128,256	17,621	24,340	35,152	29,993	17,195	260,206
Additions	1,581	79	3,967	7,275	5,772	3,538	5,736	27,948
Disposal	-	-	-	-	(1,055)	(6,481)	-	(7,536)
At 31/03/06	<u>9,230</u>	<u>128,335</u>	<u>21,588</u>	<u>31,615</u>	<u>39,869</u>	<u>27,050</u>	<u>22,931</u>	<u>280,618</u>
Depreciation								
At 01/04/05	-	16,276	11,296	18,231	20,700	25,330	11,738	103,571
Charge for the year	-	6,417	3,750	4,293	11,373	3,864	3,282	32,979
Disposal	-	-	-	-	-	(6,481)	-	(6,481)
At 31/03/06	<u>-</u>	<u>22,693</u>	<u>15,046</u>	<u>22,524</u>	<u>32,073</u>	<u>22,713</u>	<u>15,020</u>	<u>130,069</u>
Net Book Value								
At 31 March 2006	<u>9,230</u>	<u>105,642</u>	<u>6,542</u>	<u>9,091</u>	<u>7,796</u>	<u>4,337</u>	<u>7,911</u>	<u>150,549</u>
At 31 March 2005	<u>7,649</u>	<u>111,980</u>	<u>6,325</u>	<u>6,109</u>	<u>14,452</u>	<u>4,663</u>	<u>5,457</u>	<u>156,635</u>

ASO SAVINGS AND LOANS PLC

Notes To The Accounts For the Year Ended 31 March 2006

	2006 N'000	2005 N'000
7 Deposits and other accounts		
7a. Deposits and other accounts comprise:		
Time	1,178,267	729,106
"Cash and Carry"	1,390,727	848,485
Savings	594,288	608,345
	3,163,282	2,185,936
7b The maturity profile of deposits liabilities is as follows:		
Within 1 month	320,404	218,594
Between 1-3 months	1,486,775	1,311,562
Between 3-6 months	1,356,103	655,781
	3,163,282	2,185,936
8a Taxation		
Income tax based on minimum tax rule <i>Per profit and loss account</i>	902	-
Outstanding in respect of previous year	11,318	13,399
Paid during the year <i>Per balance sheet</i>	(3,235)	(2,082)
	8,986	11,318
The charge for taxation in these accounts is based on the provisions of the Companies Income Tax Act as amended to date.		
8b Deferred Tax		
There is no provision for deferred tax due to unabsorbed capital allowances and unrelieved losses.		
9a Other Liabilities		
Accrued Expenses	11,610	5,826
Staff pension Scheme	7,704	2,503
Uncleared Effects	37,293	21,772
Interest Payable on FTD	25,460	15,881
Deposits for Shares	55,099	17,474
Sundry Creditors	95,688	-
Creditors for supplies	4,152	-
Due to other banks	-	17,903
	237,006	81,360
9b Long-term liabilities	464,896	295,139

Long-term liabilities represent funds obtained from Federal Mortgage Bank and disbursed to beneficiaries of National Housing Fund(NHF). Corresponding assets created are included in Loans & Advances (Note 4)

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For the Year Ended 31 March 2006

	2006 N'000	2005 N'000
10 Interest Income		
Non- Bank Sources		
Loans and Advances	138,645	152,257
Bank Sources:		
Placements with banks	171,141	128,321
	<u>309,786</u>	<u>280,578</u>
11 Interest expenses		
NHF loan	20,059	-
Savings and others	31,562	27,747
Time deposits	121,803	77,915
	<u>173,424</u>	<u>105,662</u>
12 Other Operating Income		
Commission on Turnover	35,694	29,342
Miscellaneous Income	83,042	65,244
Disposal of Fixed Assets	672	-
Recoveries of classified accounts (note 16)	78,777	13,365
	<u>198,185</u>	<u>107,951</u>
13a Share Capital		
Authorised: 500,000,000 Ordinary Shares of N1 each	<u>500,000</u>	<u>150,000</u>
Called up and fully paid:		
107,240,000 Ordinary Shares of N1 each	<u>107,240</u>	<u>107,240</u>
13b		
The company on 4 August 2005 increased its authorised share capital from N150million to N500million by creation of additional 350 million ordinary share capital of N1 each.		
The Board of Directors on 27 March 2006 called up 392,760,370 ordinary shares of N1 each from the existing shareholders.		
14 Statutory Reserve		
The movement on this account in the year was as follows		
Balance at the beginning of the year	<u>70,460</u>	<u>70,460</u>
Balance at the end of the year	<u>70,460</u>	<u>70,460</u>
15 General Reserve		
Balance at the beginning of the year	(463,169)	110,399
Loss for the year	(247,240)	(573,568)
Balance at the end of the year	<u>(710,409)</u>	<u>(463,169)</u>

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For the Year Ended 31 March 2006

		2006 N'000	2005 N'000
16 Summary of Movements on Provision for Bad and Doubtful Accounts			
	Loans and advances N'000	Other assets N'000	Total 2006 N'000
			Total 2005 N'000
Principal			
At 1 April	613,871	132,146	746,016
Provided during the year	161,961	38,055	200,017
Recoveries during the year	(77,925)	(853)	(78,777)
Written off - Due from other banks	-	(6,377)	(6,377)
At 31 March	<u>697,907</u>	<u>162,971</u>	<u>860,879</u>
Interest in suspense			
At 1 April	179,405	-	179,405
Additions for the year	99,016	-	99,016
At 31 March	<u>278,421</u>	<u>-</u>	<u>278,421</u>
Total			
At 31 March	<u>976,328</u>	<u>162,971</u>	<u>1,139,299</u>
17 Loss before Taxation:			
General:			
Loss before taxation for the year is stated after charging/(crediting) the following:			
Auditors' remuneration		1,000	750
Staff costs:			
Employees costs for the year amounted to:			
Wages and Salaries		135,408	114,088
Other pension Costs		6,964	4,139
		<u>142,372</u>	<u>118,227</u>
18 Directors' Remuneration			
a. Remuneration paid to Directors of the company was as follows:			
Fees		1,050	925
Other emoluments		3,950	3,610
		<u>5,000</u>	<u>4,535</u>
b. The directors' remuneration shown above (excluding salaries as executives) includes:			
Chairman		1,500	1,300
Highest paid director		1,170	2,590

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For the Year Ended 31 March 2006

19 Analysis of Insider Related Credits

S/n	Name of borrower	A/c number	Relationship to Institution	Balance as at 31/03/2006 N'000	Rate %	Performing N'000	Non Performing N'000	Total Provision N'000	Security
<i>Akin Adaramola C.</i>									
1	Akin Adaramola C.	013051003181	Ex Managing Director	2,945	24		2,945	2,945	Clean
2	Seramofa enterprises	013091015291	Ex Managing Director	3,744	24		3,744	3,744	Clean
3	Ecosense ventures	013021126731	Ex Managing Director	2,919	24		2,919	2,919	Clean
4	Akin Adaramola C.	011591003181	Ex Managing Director	4,947	24	4,947			mortgage
5	Akin Adaramola C.	011621003181	Ex Managing Director	75	24		75	75	Clean
6	Baselino Nig. Ltd.	013021009381	Ex Managing Director	10,914	24		10,914	10,914	Clean
<i>Tafida Bala Ahmad</i>									
7	Balan Nig. Ltd.	013091002981	Ex Managing Director	9,987	24		9,987	9,987	Clean
8	Shelter & Gen.Services	013091057291	Ex Managing Director	11,446	24		11,446	11,446	Clean
9	Nakowa Motors	013021127201	Ex Managing Director	5,570	24		5,570	5,570	Clean
10	Munificent Nig.Ltd.	013021120641	Ex MD's son	2,022	24		2,022	2,022	Clean
11	H&S Construction Co. Ltd.	013021116641	Ex MD's son	3,644	24		3,644	3,644	Clean
<i>Abdu M.S.</i>									
12	Abdu M.S.	013091047321	Ex Chairman	2,518	24		2,518	2,518	Clean
13	Abdu M.S.	011591047321	Ex Chairman	1,001	24		1,001	1,001	Clean
14	Abdu M.S.	011731047321	Ex Chairman	2,077	24		2,077	2,077	Clean
<i>Related companies</i>									
15	Aso Solid Investment Limited	013021088231	Subsidiary company	406,671	24		406,671	406,671	Clean
16	Aso Solid Ventures Limited	013091055471	Subsidiary	93,070	24		93,070	9,307	Clean
17	Abubakar Danmusa Lawal	013091002591	Staff	384	24		384	384	Clean
18	Daniel M. Obaje	011731019241	Ex- Director	144	24		144	144	Clean
<i>Ishaya Adiu</i>									
19	Stereb Nig. Ltd.	013091056741	Ex- MD	1,648	24		1,648	1,648	Clean
<i>Mustapha Aliyu</i>									
20	Mamtag & Sons Ltd	013021087921	Ex- Director	5,211	24		5,211	5,211	Clean
21	Mustajad Int. system Ltd	011321009871	Ex- Director	5,947	24		5,947	5,947	Clean
<i>Godfrey Miri.S</i>									
22	Godfrey Miri.S	013091005601	Ex- Director	1,939	24		1,939	1,939	Clean
23	Godfrey Miri.S	011731005601	Ex- Director	45	24		45	45	Clean
<i>Joshua Maikori</i>									
24	Joshua Maikori	013091052001	Director & Chairman, Audit Committee	838	24		838	838	Clean
25	Liem Danmai Nig.Ltd.	013091056431	Director & Chairman, Audit Committee	4,014	24		4,014	4,014	Clean
<i>Bashir Abdullahi</i>									
26	Bashir Abdullahi	013091043531	Director in parent company	274	24		274	274	Clean
27	Bahgon Dutse Bus. Ltd	013021073251	Director in parent company	115	24		115	115	Clean

ASO SAVINGS AND LOANS PLC

Notes To The Accounts
For the Year Ended 31 March 2006

19 Analysis of Insider Related Credits

S/n	Name of borrower	A/c number	Relationship to Institution	Balance as at 31/03/2006 N'000	Rate %	Performing N'000	Non Performing N'000	Total Provision N'000	Security
<i>Emmanuel Itiat</i>									
28	Delight Nursery and Pry.School	06301091241	Ex-Staff	24	24	24,048			Clean
<i>Agboola M.O</i>									
29	Mini Ventures Ltd	013091066511	Ex-Staff	312	24		312	312	Clean
<i>Joseph Nyam</i>									
30	Down South Ventures Ltd	013031011251	Staff	194	24		194	194	Clean
31	Joseph Nyam	011611038511	Staff	318	24		318	318	Clean
32	Joseph Nyam	013091038511	Staff	2,050	24		2,050	2,050	Clean
<i>Grace Yakubu</i>									
33	Majariha Nig. Enter.	013091065171	Staff	511	24		511	255	Clean
34	Tsapta Ventures Ltd	013091021601	Staff	61	24		61	61	Clean
<i>Husseini H.</i>									
35	Shamraz Nig. Ltd	013091082711	Staff	1,040	24		1,040	1,040	Clean
				<u>588,621</u>		<u>28,995</u>	<u>583,650</u>	<u>499,631</u>	

ASO SAVINGS AND LOANS PLC

Notes To The Accounts For the Year Ended 31 March 2006

	2006 N'000	2005 N'000	
20 Reconciliation of Loss After Tax to Net Cashflow from Operating Activities			
Loss After Tax	(247,240)	(573,568)	
<i>Adjustments to reconcile loss to net cashflow from operating activities:</i>			
Provision for bad and doubtful accounts	200,017	577,837	
Depreciation	32,979	25,708	
Decrease in tax payable	(2,333)	(2,082)	
Profit on sale of fixed assets	(672)	-	
Net change in operating assets	(145,623)	(412,263)	
Net change in operating liabilities	<u>1,302,749</u>	<u>739,396</u>	
	<u><u>1,139,877</u></u>	<u><u>355,028</u></u>	
21 Gross Earnings comprise:			
Interest income	138,645	152,257	
Non interest income	198,185	107,951	
Investment income	<u>171,141</u>	<u>128,321</u>	
	<u><u>507,971</u></u>	<u><u>388,529</u></u>	
22 Penalties			
Contravention of Revised Guidelines for Primary Mortgage Institutions			
Section	Description	Number of times	Penalty paid N'000
7(e)	Late submission of returns	4	325
8a (i)	Late submission of the audited accounts for the year ended 31 March 2005.	1	20
			<u><u>345</u></u>

ASO SAVINGS AND LOANS PLC

Notes To The Accounts For the Year Ended 31 March 2006

23 Loss per share

Loss per share has been computed based on the loss after tax and the number of shares in issue at 31 March 2006

24 Claims and Litigations

The company in the course of business is at year end involved in 5 cases as a defendant and 2 cases as plaintiff. The total amount claimed in the 5 cases against the company is estimated at N13,700,000. However, the Directors of the company are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the company.

25 Reorganisation and Recapitalisation Plans

Arising from the dwindling fortune of the company in recent years, the directors planned and carried out various actions to reposition the company. These include:

- i) Massive retrenchment of staff and conversion of some hitherto permanent staff to contract staff.
- ii) Massive recruitment of new staff to replace retrenched ones.
- iii) Conversion to a Public Limited Company to enable it raise capital from public.
- iv) Calling up of 392.7million ordinary shares from the existing shareholders.
- v) Further increase of its authorised share capital from N500million to N2.5billion.
- vi) Plan to raise at least N2billion through private placement has reached an advanced stage.

26 Comparative figures

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

ASO SAVINGS AND LOANS PLC

Value Added Statement For the Year Ended 31 March 2006

	2006 N'000	%	2005 N'000	%
Gross Earnings (Note 21)	507,971		388,529	
Interest Expenses	<u>(173,424)</u>		<u>(105,662)</u>	
	334,547		282,867	
Provision on risk assets	(200,017)		(577,837)	
Bought-in-materials and services	(205,517)		(134,664)	
Value Added/(withdrawn) for the period	<u><u>(70,987)</u></u>	<u><u>100</u></u>	<u><u>(429,633)</u></u>	<u><u>100</u></u>
 Applied as follows:				
To pay employees				
Staff and pension costs	142,372	(202)	118,227	(28)
 To pay Government				
Income taxes	902	(1)	-	
 Retained in business for maintenance of assets and future expansion				
Depreciation	32,979	(46)	25,708	(6)
Loss retained for the period	<u>(247,240)</u>	<u>348</u>	<u>(573,568)</u>	<u>134</u>
	<u><u>(70,987)</u></u>	<u><u>100</u></u>	<u><u>(429,633)</u></u>	<u><u>100</u></u>

Value added is the wealth created by the efforts of the bank and its employees, and its allocation between employees, shareholders, government and investment for the future creation of wealth.

ASO SAVINGS AND LOANS PLC

Five Year Financial Summary

Year Ended 31 March	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
Balance Sheet					
Assets employed					
Cash and short term funds	109,581	91,149	156,174	20,256	133,853
Balances with other banks	2,011,594	917,425	546,111	18,111	1,290,000
Investments in other companies	52,760	52,760	52,760	85,253	85,253
Loans and advances	930,045	992,981	1,144,557	958,353	404,155
Other assets	86,932	77,334	91,332	64,920	35,093
Fixed assets	150,549	156,635	133,603	118,528	85,264
	<u>3,341,461</u>	<u>2,288,284</u>	<u>2,124,537</u>	<u>1,265,421</u>	<u>2,033,618</u>
Liabilities					
Deposits and other accounts	3,163,282	2,185,936	1,689,327	879,350	1,649,051
Other liabilities	237,006	81,360	95,879	78,017	90,836
Taxation	8,986	11,318	13,399	16,098	16,098
Long term liabilities	464,896	295,139	37,832	38,885	15,323
	<u>3,874,170</u>	<u>2,573,753</u>	<u>1,836,437</u>	<u>1,012,350</u>	<u>1,771,308</u>
Net Assets/(Liabilities)	<u>(532,709)</u>	<u>(285,469)</u>	<u>288,100</u>	<u>253,071</u>	<u>262,310</u>
Capital and Reserves					
Share capital	107,240	107,240	107,240	107,240	107,240
Statutory reserve	70,460	70,460	70,460	61,702	61,702
General reserve	(710,409)	(463,169)	110,400	84,129	93,368
	<u>(532,709)</u>	<u>(285,469)</u>	<u>288,100</u>	<u>253,071</u>	<u>262,310</u>
Profit and Loss Account					
Gross Earnings	507,971	388,529	366,863	368,071	478,345
Profit/Loss before taxation	(246,338)	(573,568)	40,029	(7,239)	155,397
Taxation	(902)	-	(5,000)	(2,000)	(10,000)
Profit/Loss after taxation	<u>(247,240)</u>	<u>(573,568)</u>	<u>35,029</u>	<u>(9,239)</u>	<u>145,397</u>
Earnings\Loss) per share (kobo)	(230)	(535)	37	(7)	145
Net assets\liabilities) per share	(497k)	(266k)	269k	236k	245k