

Private Placement Memorandum



Private Placement of

404,500,000

Ordinary Shares of 50 kobo each

At

₦ 4.95 per share

Payable in full on Application

Application List Opens: September 22, 2008

Application List Closes: October 10, 2008

Issuing House



This Private Placement Memorandum and the securities, which it offers, are not registered by the Securities and Exchange Commission. The Private Placement Memorandum is not a Prospectus or Rights Circular and therefore does not constitute an invitation to the general public to subscribe to the securities therein. Each prospective investor to whom this Private Placement Memorandum is addressed is expected to scrutinize the information contained therein independently, for which the Directors of First Capital Trust Limited have individually and collectively accepted responsibility.

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NOTICE

This Private Placement Memorandum is confidential and has been prepared by Cashcraft Asset Management Limited ("Cashcraft") on behalf of First Capital Trust Limited ("First Capital Trust" or the "Company" or "FCTL") on the basis of information provided by the Company. The Memorandum is for the purpose of providing information to a select group of potential investors on the Company in connection with the issuance of 404,500,000 (Four Hundred and Four Million, Five Hundred Thousand) ordinary shares of fifty kobo each at ₦4.95 per share by way of Private Placement.

The Memorandum includes certain statements, financial estimates and projections with respect to the future performance of the Company. These statements, estimates and projections reflect various assumptions by the Company concerning anticipated results, which have been included solely for illustrative purposes. These statements, estimates and projections should not, however, be relied upon as a representation, warranty or undertaking, expressed or implied, herein and/or the assumptions on which such statements, estimates and projections were based.

This Memorandum contains confidential information about the Company and is intended mainly for the purpose of providing information to a select list of potential investors to whom it is addressed. It is not a prospectus and does not constitute an offer or invitation to the general public to subscribe to any issue. It is intended solely for the information of the Addressee on the covering letter.

The Directors of FCTL accept full responsibility for the information contained in this memorandum. FCTL has taken all reasonable care to ensure that the information given herein are true and accurate in all material respects, and that there are no material facts, the omission of which would make any statement herein misleading whether of fact or opinion. Officials of First Capital Trust Limited and Cashcraft Asset Management Limited will be pleased to provide additional information or clarification if needed.

No application has been made to the Securities and Exchange Commission for the clearance of this Private Placement Memorandum or the registration of the securities listed therein. No application has been made to the council of the Nigerian Stock Exchange for the admission of the shares being offered by way of Private Placement or for the existing issued share capital of First Capital Trust.

DEFINITIONS

-The Placement/the Offer	Private Placement of 404,500,000 ordinary shares of 50 kobo each at ₦ 4.95 per share.
-PPM	Private Placement Memorandum (This is the legal document offering the securities of FIRST CAPITAL TRUST to a group of selected investors only)
-Issuer / Company	First Capital Trust Limited ("First Capital Trust" or "the Company")
-Issuing House	Cashcraft Asset Management Limited ("Cashcraft")
-The Commission or SEC	Securities & Exchange Commission
-NSE or The Exchange	The Nigerian Stock Exchange
- First Capital Trust	First Capital Trust Limited
-Pari Passu	Rank equally
-Parties	Professional parties engaged by the Issuer whose roles will ensure the success of the Placement.
-Placement Agents	Market Operators authorised to receive application forms/monies from Investors.
-Brokerage	Commission payable to Placement Agents in respect of returns bearing their Stamps and duly allotted.
-LFN	Laws of the Federation of Nigeria
-FGN	Federal Government of Nigeria
-Business Day	Any day other than a Saturday, Sunday or official public holiday in Nigeria
-The Act	Investments and Securities Act No. 29 of 2007
-Registrar	CSL Registrars Ltd.
FCTL	First Capital Trust Limited or the FCTL Group

CORPORATE DIRECTORY

The Company presently carries on its business at the following address:

HEAD OFFICE:

Plot 634 Adeyemo Alakija Street,
Victoria Island,
LAGOS

TEL: 01-7901232, 0802-7787-751

ABRIDGED TIME TABLE

ACTIVITY	DATE	RESPONSIBILITY
Appointment of Professional Parties	20/08/08	Issuing House
Acceptance of Mandate by Parties	21/08/08	Issuing House
Receipt of documents/information for completing Placement Memorandum	29/08/08	Issuing House/ Registrars
First All Parties Meeting	05/09/08	All Parties
Completion Board Meeting	18/09/08	All Parties
Printing / Distribution of Placement Documents	18/09/08	Issuing House
Application List Opens	22/09/08	Issuing House
Application List Closes	10/10/08	Issuing House
Placement Agents Make Returns	24/10/08	Issuing House/ Registrars
Forward Analysis of Returns to Issuing Houses	31/10/08	Registrar
Prepare / Discuss Basis of Allotment with First Capital	04/11/08	Issuing House
Board Approval of Basis of Allotment	06/11/08	Issuing House
Pay Net Offer Proceeds to First Capital	07/11/08	Issuing House
File Basis of Allotment With C.A.C	14/11/08	Company Secretary
Commence Conversion to PLC	18 /11/08	Company Secretary
Dispatch Share Certificates	21/11/08	Registrar

***Please note that these dates are indicative only and are subject to changes without prior notice.**

SUMMARY OF THE PRIVATE PLACEMENT

- 1. Issuer:** FIRST CAPITAL TRUST LIMITED (First Capital Trust)
- 2. Issuing House:** CASHCRAFT ASSET MANAGEMENT LIMITED (Cashcraft)
- 3. Share Capital:**
- Authorised:** ₦ 3,000,000,000 comprising 6,000,000,000 Ordinary Shares of 50 kobo each.
- Issued & Fully Paid:** ₦ 816,750,000 comprising 1, 633,500,000 Ordinary Shares of 50 kobo each.
- Now being Issued:** 404,500,000 Ordinary Shares of 50 kobo each at ₦4.95 per share.
- 4. Purpose of the Issue:** The proceeds of the Placement will be used to provide adequate working capital for our various businesses.
- 5. Utilization of Issue Proceeds and Expenses:** The net proceeds of N 1,940,000,000 after deducting the Private Placement cost estimated at ₦62,275,000 (representing 3 % of gross proceeds) will be applied as follows:

ACTIVITIES	(₦)	(%)
Seed Capital Microfinance Bank	320,000,000	16.4
FCTL Leasing Company Nig. Ltd.	360,000,000	18.6
Citi Homes Savings and Loans Ltd.	560,000,000	28.9
First Capital Trust Limited	700,000,000	36.1
TOTAL	₦1,940,000,000	100

- 6. Method of Issue:** Private Placement
- 7. Units of Sale:** Minimum of 100,000 shares and multiples of 10,000 thereafter.
- 8. Placement Price:** ₦ 4.95 per Share
- 9. Payment:** In full on Application
- 10. Gross Issue Proceeds** **₦2, 002,275,000**
- 11. Capitalization of Company at Offer Price: (Authorised Capital)**
- | | |
|------------------------|-------------------------|
| Pre-Offer | Post-Offer |
| ₦ 8,085,825,000 | ₦ 10,088,100,000 |
- 12. Status:** The ordinary shares now being offered will rank pari passu in every respect with the existing shares of the First Capital Trust except that they will not qualify for any dividend and bonus that may be declared for the year ended 30th June 2008.

13. Public Quotation:

No application has been made to the council of the Nigerian Stock Exchange for admission of the shares being offered. However, the Company intends to make an application to the Council of the Nigerian Stock Exchange for the admission of the shares of the Company to the Daily Official List of the NSE through an initial public offer in 2009.

**14. Over-subscription/
Supplementary Allotment:**

In the event of an over-subscription, necessary approvals will be obtained to capitalise the excess subscription, subject to approval by the Board and the General Meeting.

15. Opening Date:

September 22, 2008

16. Closing Date:

October 10, 2008

17. Eligibility:

The Placement is only open to a select group of potential Investors

18. Group Structure:

First Capital Trust Limited has three subsidiaries – FCTL Leasing Company Nigeria Limited, Seed Capital Microfinance Bank Limited and CitiHomes Savings and Loans Limited.

19. Financial Summary:

	6 months	12 months	12 months	5 months
	30th June	31st Dec.	31st Dec.	31st Dec.
	2008	2007	2006	2005
	N	N	N	N
Total Assets	3,036,479,774	2,373,811,525	395,913,449	45,730,804
Shareholders Fund	2,667,745,400	1,809,530,011	141,575,158	42,534,481
Income	1,216,318,709	301,005,543	68,183,244	540,043
Profit/(loss) before Tax	877,295,856	74,033,049	11,342,863	(6,317,705)
Taxation	(186,078,376)	(23,306,624)	(950,000)	-
Profit/(Loss) after Tax	691,217,480	50,726,425	10,392,863	(6,317,705)
Dividend	(14,850,000)	(14,850,000)	-	-
Earnings/(Loss)				
Per Share (Basic)*	233	17.08	3.78	(15.79)
Dividend Per Share (Basic)*	5	5		

*Calculation of the earnings per share is based on 297,000,000 ordinary shares in issue for years 2008, 2007 and 275,000,000; 40,000,000 ordinary shares in issue for 2006 and 2005 respectively. A bonus of 9 for 2 was declared for the period -6 months ending June 2008 which brought the issued shares to 1,633,500,000 as at that date.

Forecast Offer Statistics:

YEAR ENDING 30 JUNE	2009	2010	2011
	₦ Million	₦ Million	₦ Million
Turnover	3,300	4,500	7,500
	=====	=====	=====
Profit before Taxation	1,658	2,778	3,680
Taxation	(199)	(267)	(267)
	=====	=====	=====
Profit after Taxation	1,459	2,511	3,413
Proposed Dividend	(408)	(835)	(835)
Proposed Bonus	(255)	0	0
	-----	-----	-----
Retained profit for the Year	797	1,676	2,578
Earnings per share (kobo)	71.57	98.55	133.95
Dividend per share (kobo)	20.00	32.76	32.76

*The earnings and dividend per share are based on 2,038,000,000 ordinary shares of 50k each in 2009 and 2,548,000,000 ordinary shares of 50 kobo each in 2010 and 2011, being post offer shares expected to be in issue.

The post offer number of ordinary shares of 2038,000,000 above is based on then combinations of the ordinary shares of 297,000,000 existing as at 30 June 2008; 1,336,500,000 bonus shares approved at the Annual General Meeting held on 19 August 2008 and the proposed offer of 404,500,000 ordinary shares.

20. Claims and Litigation: The Company has no pending suit, threatening claims, arbitral award and / or litigation by or against it.

The Directors of **FIRST CAPITAL TRUST LIMITED** are not aware of any claims and litigation likely to have a material adverse effect on the Company or the Placement.

DIRECTORS AND OTHER PROFESSIONAL PARTIES TO THE PLACEMENT

DIRECTORS:

Mr. G.T.S. Adokpaye - Chairman

14B Fabac Close
Victoria Island, Lagos.

Mr. Biodun Oyapero - Managing Director

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

Mr. Tunde Titilayo - Director

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

Mr. Chris Oshiafi - Director

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

Mr. Jacob Akinola - Executive Director

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

Mr. Olusola Adeosun - Executive Director

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

COMPANY SECRETARY:

Mr. Segun Adepoju

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

REGISTERED OFFICE:

7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

AUDITORS:

Yinka Adesanya & Co

2nd Floor, 4 Simbiat Abiola Road
Ikeja, Lagos

ISSUING HOUSE:

Cashcraft Asset Management Limited

7th Floor, Foreshore Towers,
2A Osborne Road,
Ikoyi, Lagos.

REPORTING ACCOUNTANTS:

BDO Oyediran Faleye Oke & Co
5th Floor, Elephant Cement House
ASSBIFI Road, CBD Alausa
Ikeja, Lagos

SOLICITORS TO THE COMPANY:

Femi Olulowo & Associates
27 Kakawa Street,
Lagos Island
Lagos

SOLICITORS TO THE OFFER:

ABFR & Co
4th Floor, 13 Military Street,
Onikan, Lagos

RECEIVING BANKERS:

First City Monument Bank Plc
Primose Tower
17a Tinubu Street
Lagos

PLACEMENT AGENTS:

Cashcraft Asset Management Limited
7th Floor, Foreshore Towers
2A Osborne Road, Ikoyi
Lagos.

MBC Securities Limited
2nd Floor, South Atlantic Petroleum Towers
7 Adeola Odeku Street
Victoria Island, Lagos

Fountain Securities Limited
107 Bamgbose Street
Lagos

Tubifed Investments Limited
Block 12 Suite 19 (On top of Union Bank)
Sura Shopping Complex
Simpson Street, Lagos Island,
Lagos.

REGISTRAR:

CSL Registrars Limited
Primose Tower
17A Tinubu Street
Lagos

The following is the text of a letter received by Cashcraft Asset Management Limited from Mr. Godwin T.S. Adokpaye, Chairman, Board of Directors of First Capital Trust Limited.

September 10, 2008.

The Directors

Cashcraft Asset Management Limited

7th Floor, Foreshore Towers

2A Osborne Road

Ikoyi, Lagos

Dear Sir,

PRIVATE PLACEMENT OF 404,500,000 ORDINARY SHARES OF 50 KOBO EACH OF FIRST CAPITAL TRUST LIMITED AT ₦= 4.95K PER SHARE

On behalf of the Directors of First Capital Trust Limited, it is my pleasure to provide the following information relating to the Private Placement of 404,500,000 ordinary shares of 50 kobo each at ₦= 4.95 per share.

HISTORY AND BUSINESS OF THE COMPANY

HISTORY

First Capital Trust Limited ("FCTL") is a non bank financial services company established to offer corporate, commercial and micro financing services to middle and lower market businesses and individuals in both money and capital markets segments of the burgeoning and ever evolving financial services industry in Nigeria. The company also specializes in the provision of a range of capital market and corporate finance services such as: fund management, financial advice, asset management, structured finance, corporate divestments, buy-out and buy-in management, corporate transformation and turn-around management.

In order to realize its full potential as the preferred financial services company, actualize its vision and mission, establish and sustain subsidiary companies for different arms of its business, including leasing, microfinance banking, capital markets, real estate, mortgage banking, etcetera, take advantage of investment opportunities as they become available while ensuring good returns to stakeholders. The company has to upgrade its capital base to a minimum of N5 billion. This is why it is raising ₦2 billion in addition to its existing ₦2.67billion shareholders funds.

First Capital Trust Limited has the following competitive advantages:

1. A very dynamic and experienced Board of Directors, comprising reputable and eminent professionals;
2. Resourceful, committed and loyal management staff;
3. Successful turn-around of an agro allied company that had been in trouble for several years with no hopes of getting out and the stock market's positive reaction to that success;
4. Technical knowledge of its core businesses;
5. Services tailored towards creating real value for clients;

Our Vision

To be the leading financial services institution in Africa.

Our Mission

We are committed to providing creative financial services to transform businesses and lives.

Our Core Values

Integrity: We display and require honesty and integrity in everything we do.

Customer: We are passionate about customer service, believing that the key measure of our success is our customers' success.

People: We respect the individual and believe that individuals who are treated with respect and given responsibility act by giving their best, more so when rewarded on merit.

Excellence: We achieve our objectives by exhibiting the highest levels of professionalism, competence and ethics.

PRODUCTS & SERVICES

- ☐ Turnaround Management
- ☐ Financial Advisory
- ☐ Investment
- ☐ Leasing
- ☐ Micro finance banking
- ☐ Mortgage banking
- ☐ Capital market operations
- ☐ Real estate business

BUSINESS STRATEGY**First Capital Trust Limited**

The business strategy for First Capital Trust Limited involves a focus on quoted companies that are in distress. This involves a review of various sectors of the Nigerian economy to identify high growth and high return sectors. It involves identifying ailing companies within the sectors that the company chooses to focus on. This is usually done by a review of history and key financial information that are readily available because they are public companies. The strategy also includes obtaining all available information on the company and contacting key decision makers of such companies (usually the C.E.O.s or other major owners of the company) to discuss their plans and possibility of turnaround.

FCTL-Leasing

The business strategy is two-fold. For individuals, it includes a focus on people with regular income from stable employment. It involves attracting such people primarily through contacts made by the company's marketing officers and with the aid of advertisement. For corporate customers, we focus on companies with regular cashflow from operations who are interested in expanding or enhancing their earning capacity.

Seed Capital Microfinance Bank

The business strategy of Seed Capital Micro Finance Bank involves a focus on customers, service delivery, empathy and capability. Its brand will be distinguished by; products and services specifically tailored to meet customer needs, excellent and appropriate channels of product and service delivery, experienced and professional staff to drive the processes that will deliver on promise.

GROWTH STRATEGIES

FCTL plans to continue its core business of corporate finance and turnaround management. With the proceeds of the private placement, it shall be able to establish more companies and to invest in turnaround management prospects. A number of companies that are candidates for turnaround have already been identified and reviewed with a view to acquiring significant shares in such companies for a medium to long term period so that whatever turnaround measures are put in place will have the required time to work. Investing in such companies gives returns that far exceed more traditional means of investment.

The three existing subsidiaries of FCTL are also expected to grow significantly in the period under review. Although FCTL-Leasing has been operating as a part of FCTL for a while, its performance has been limited by lack of adequate funds and a self imposed restriction to consumer leasing. The leasing business has been incorporated as an independent company and started off July 1, 2008.

Seed Capital Microfinance Bank, the second subsidiary, is also expected to grow significantly in the period under review. It commenced operations in July 2008. From the proceeds of the private placement, we expect to put more funds into the business as money becomes available. Earnings from the bank will also contribute to the income of the group.

Citihomes Savings and Loans, another subsidiary is expected to create a niche for itself in addition to developing the mortgage banking business in Nigeria. It plans to draw on the experience of its staff and network of First Capital directors and shareholders to grow its business significantly whilst also leveraging on foreign banks that are interested in investing in Nigerian housing sector.

A. FIRST CAPITAL TRUST LIMITED

For the year ended 2009, FCTL plans to sign on and turn around at least two companies. Also in this year, it shall commence the restructuring of Citihomes, a mortgage bank it has just acquired. It shall set up a capital market desk to start by catering to the capital market needs of the group. In addition, FCTL plans to start a property investment unit.

For the year ending June 2010, FCTL shall set up the property investment unit as well as the capital market unit as autonomous business units. It shall also search for investment opportunities in insurance particularly, the troubled ones. Within the year, FCTL shall also complete the turnaround management of the two companies for which turnaround would have been initiated in the 2009 year.

In 2011, FCTL shall invest in insurance business. It shall search for financial service opportunities in West Africa as a prelude to making First Capital a global company. It shall also identify and commence turnaround management for a minimum of two new companies within the West African sub region.

In 2012, FCTL shall complete the turnaround of the two new companies started in 2011. It plans to identify commercial banking investment opportunities in Nigeria, specifically and in West Africa, generally. It shall also deepen the financial advisory services function.

For the 2013 year, FCTL shall complete the investment in a commercial bank. It shall also continuously review turnaround opportunities as well as venture capital.

B. FCTL-LEASING COMPANY OF NIGERIA

For the year ended 2009, the company shall deepen its corporate and consumer leasing business. It also plans to sign on more suppliers/vendors so that they can refer their customers to FCTL-Leasing.

In 2010, FCTL-Leasing plans to establish the FCTL brand as a market leader in corporate leasing. It also plans to expand to other locations, including Port Harcourt and possibly Kano. In this year, FCTL-Leasing shall make the consumer leasing brand the preferred one in Nigeria.

For 2011, FCTL-Leasing shall commence joint promotion with major suppliers or vendors of products. It plans to get the franchise(s) of some international manufacturers or product vendors. It will also seek international finance.

In 2012, the company plans to expand to more locations, including Abuja. It shall also work to increase its market share. It shall also consolidate the international collaboration.

For 2013, FCTL-Leasing plans to make its brand the best in its industry. Its shareholders funds is to be increased to over N8 billion. It also plans to acquire some leasing companies for inorganic growth.

C. SEED CAPITAL MICROFINANCE BANK

In the year ended 2009, the bank will be fully set up. A central standard processing, procedures and control systems will be established. So will eighteen market/cash centers to register the bank's presence in main commercial centres in Lagos State. The bank's brand credibility and representation in business circles, with regulators and foreign funding partners shall also be established.

In year 2010, Seed Capital MFB shall propagate its brand, i.e. positioning itself as a credible market leader. At the minimum, the bank aims to be in the top five position in its industry. The bank shall introduce credible microfinance products; establish six branches and twenty-four market centers in major commercial locations with at least four branches in Lagos. It shall use the hub and spoke strategic approach with market or cash centers to attach to virile branches nationwide. It shall also develop capacity in alternative channels of service delivery.

For the year ended 2011, Seed Capital MFB shall expand its market share. It shall also position its brand as a top three microfinance bank in the nation. It plans to develop ancillary competencies in tangential areas to microfinance such as capacity building, social services, public private sector partnerships, et cetera. In addition, it will continue branch expansion to drive market share acquisition and expansion. It shall also develop collaborative abilities with prominent microfinance institutions worldwide.

In 2012, Seed Capital MFB shall pursue aggressive expansion of the business in at least five major commercial centres outside Lagos State such as Kano, Port Harcourt, Calabar, Abuja and other areas of need. It shall position itself as a top microfinance brand in Nigeria. It shall continue its branch explosion to drive market expansion. It shall also embark on major business process review and re-engineering exercises to strengthen the bank for the next level of growth. It shall strengthen the ICT of the bank and business process.

For the year ended 2013, Seed Capital MFB plans to strategically acquire microfinance banks that are already well positioned to enhance its market share. It also plans to invest in microfinance consulting and training and capacity building. It shall invest in profitable SMEs. It plans to move from private to public ownership through listing on the Nigerian Stock Exchange. It shall also convert some market centres to full branches. Seed Capital MFB also plans to increase its dividend payout ratio and to strengthen its market share. It's shareholders funds shall also top ₦8 billion in order to finance emerging challenges of expansion and growth.

C. CITIHOMES MORTGAGE BANK

The Nigerian economy has benefited from banking, pension & insurance reforms, a crackdown on corruption, debt relief based on sound fiscal policy and the high oil price. The recession that has hit the American economy, which has affected the mortgage business there has also created investment opportunities in the Nigerian mortgage business, where demand is huge. Many people in Nigeria live in rented accommodation with few being able to own their own homes largely because of a lack of funds to purchase homes. The banks—before consolidation—preferred to channel their funds to more profitable ventures with shorter tenors. However, as the pockets of the banks have deepened with an influx of direct foreign investment and significant funds sourced from the local market through the issue and sale of shares, they have started to turn towards mortgage financing, especially as foreign providers of finance are now more willing to advance loans for that purpose.

FCTL recognizes the significant opportunities in this business segment. To properly position itself to take advantage of this, it has acquired a mortgage bank that has been in existence for more than thirteen years and subsequently, turning its business around. Specific plans for the five year period are as follows:

The year ended 2009 will be used to complete the restructuring of the bank in addition to laying the necessary foundation for growth in subsequent years.

2010 will see the bank deepening and developing the mortgage banking business in Nigeria. Plans will be implemented to introduce new products into the Nigerian market in this year. Citihomes shall establish itself as one of the top ten mortgage banks in Nigeria. It shall also secure international funding to support its business activities.

In 2011, the mortgage bank plans to move up the ladder to become one of the top five mortgage banks in the country by market share, capital base and profitability. It will consider listing on the Nigerian Stock Exchange in this year.

Year 2012 will see the bank moving further up the ladder to one of the top three mortgage banks in the country. It shall also expand to the West African sub region in this year.

In the year ended 2013, Citihomes Mortgage Bank shall work to maintain its lead position in the market.

BOARD OF DIRECTORS AND KEY MANAGEMENT STAFF

THE BOARD OF DIRECTORS

GODWIN T. S. ADOKPAYE

I am the Chairman of First Capital Trust Limited. I hold a B.A. Honours degree in Classics from the University of Ibadan. I worked with Mobil Oil Nigeria Plc. from 1959 becoming first District Manager, Benin, in 1961 and then successively, Retail Sales Manager, Commercial Manager and Sales Manager between 1968 and 1972. I was appointed a General Manager in 1972, and in 1974, I became a Director, before finally retiring from an executive position in December 1984.

The other Directors on the board are as follows:

BIODUN OYAPERO

Biodun is a First Class Accounting graduate and a Chartered Accountant with banking experience that spans information technology, banking operations, audit, risk management, financial control, credit and marketing as well as treasury. He is a member of the Chartered Institute of Stockbrokers of Nigeria. He is also an alumnus of Harvard Business School, Boston USA.

He worked for Nigeria International Bank Limited (the Nigerian subsidiary of Citibank N.A. also known as Citibank Nigeria), and subsequently for Ecobank Nigeria Plc. and Citizens International Bank Limited, where he set up the internal control units of both organizations. He also worked at FSB International Bank Limited, where he reorganized the Treasury Department.

He joined First City Monument Bank Plc ("FCMB") in July 1993 as Head, Treasury Department, a position he successfully held and managed for six years before moving to the Corporate Banking Group in 1999. He was appointed to the bank's board in 2002. The following year, he took over the management of Operations and Support Division (including banking operations, information technology, risk management and financial control) of the bank, a position he held till he resigned in December 2004. In January 2005, he took up a consultancy/executive director position in the bank, for six months terminating July 2005. Thereafter he remained on the bank's board as a non-executive Director till 31st December 2005.

On 1st August 2005, he commenced operation as the pioneer Managing Director and Chief Executive Officer. He is also the chairman of FCTL Leasing Company Nigeria Limited and Seed Capital Microfinance Bank Limited.

OLUSOLA ADEOSUN

Olusola holds a Bachelor of Science (Second Class Upper Division) and a Master of Science Degree in Finance and Banking from the University of Lagos. He is an Associate of Institute of Chartered Accountants of Nigeria (ICAN) and an alumnus of Lagos Business School. He has attended several courses locally and abroad in areas of Strategic Management, Relationship Management, Business and Organizational Development.

He has extensive working experience in banking, public service and academic spanning over twenty years. He started his banking career with Universal Trust Bank Limited as a Credit Officer. He later joined First City Monument Bank Limited where he worked for ten years gathering experience in all key areas of banking covering International Operations, Risk Management, Credit Administration, Relationship Management, Treasury and Branch Management.

He was on FCMB's Foreign Currency Trading desk for many years. His last assignment was as the pioneer Branch Manager of Victoria Island Branch of FCMB from where he joined Metropolitan Bank Limited in November 1999 to spearhead the restructuring of Treasury, Marketing and Risk Asset Management functions in the bank.

Olusola is a keen sports enthusiast and Managing Director/Chief Executive Officer of Seed Capital Microfinance Bank Limited. He is also a director in First Capital Trust Limited and FCTL Leasing Company Nigeria Limited.

JACOB AKINOLA

Jacob graduated from University of Ife (now Obafemi Awolowo University) with Second Class Upper Division in Accounting. He is an Associate member of the Institute of Chartered Accountants of Nigeria (ICAN). He is a thoroughbred professional operations expert. He started his banking career with Central Bank of Nigeria in 1985 as a Youth Corper. He joined Nigeria International Bank Limited (the Nigerian subsidiary of Citibank N.A.) in July 1987 and worked in International Operations till April 1991 when he moved to FSB International Bank Plc ("FSB").

He went to FSB, as part of the team responsible for transforming the former Federal Savings Bank to a leading commercial bank in the country. During his stay at the bank, he managed all aspects of banking operations including Branch Operations, Treasury Operations, International Operations and Branch Co-ordination. He voluntarily left the bank in November 2005 as the Group Head of the bank's operations.

He has attended many operations and management courses and also facilitated several banking operations training.

He is Managing Director/Chief Executive Officer of FCTL Leasing Company Limited and a director of First Capital Trust Limited and Seed Capital Microfinance Bank Limited.

OLATUNDE TITILAYO

Tunde is a graduate of Electrical and Electronic Engineering (Bachelor of Science degree) from Obafemi Awolowo University, Ile Ife. He has over twelve years experience in engineering, consulting and banking sectors of the Nigerian economy. He started his career with Coopers and Lybrand from where he moved to Nigerian Intercontinental Merchant Bank (now Intercontinental Bank Plc.). He later joined UBA Plc. as a Senior Manager in the Commercial Bank Division where he rose to Principal Manager before moving to First City Monument Bank Plc. as an Assistant Vice President in 1998.

He has a Masters in Business Administration degree from IESE Business School, Barcelona and he is a regular facilitator of credit courses at IBFC Agosto trainings.

He is now the Chief Executive Officer of Swap Technologies Limited, and a director of First Capital Trust Limited and Seed Capital Microfinance Bank Limited.

CHRIS OSHIAFI

Chris is a fellow of the Institute of Chartered Accountants of Nigeria, an associate of the Chartered Insurance Institute of London, UK and Chartered Institute of Taxation of Nigeria.

He is the Managing Director of Spring Capital Markets Limited (a subsidiary of Spring Bank Plc) and a financial business executive with significant experience in financial, accounting and systems management as well as risk and venture capital schemes. He holds a Master of Business Administration degree from the University of Lagos and is an alumnus of the prestigious Columbia Business School, New York.

He was the Group Treasurer for the Lion of Africa Insurance Company, then under the Guardian Royal Exchange, UK. He later joined Gold Path Investments and Securities, Lagos as Chief Operating Officer. Chris also worked as a financial consultant with the renowned firm of Damitop Consulting Limited working on a number of World Bank projects for the Federal Government and several State Governments.

Before joining the board of Citizens International Bank, he was Group Managing Director/CEO of Truebond Investments and Capital Limited, a company into Investment Banking and Finance, Pension Funds Management with large investments in Oil & Gas, Telecommunications, Publishing, Insurance and Engineering.

He is a member of the Institute of Directors and has attended several courses on corporate finance and investment banking locally and overseas.

MANAGEMENT STAFF

TOLU ODUNLAMI (HEAD, FINANCE AND STRATEGY)

She has a Bachelor of Science degree in Zoology, second class upper division, from the University of Ilorin and is an associate member of the Institute of Chartered Accountants of Nigeria. In her final accounting examinations with the Institute, she won two merit prizes—second best overall and best qualifying lady.

She has over twelve years relevant work experience in accounting, auditing, banking and financial services. Her work experience started in Coopers & Lybrand where she trained and worked for almost four years before moving to Arthur Andersen & Co. in 1996. In addition, Tolu has over four years work experience with two top Nigerian banks, Zenith International Bank Plc. and First City Monument Bank Plc.

At Zenith International Bank Plc., Tolu worked as a relationship manager and a credit and marketing officer with corporate clients of the bank. Her job functions included business development, funds sourcing, loan creation and management, credit analysis and to a limited extent, training. Her job functions at First City Monument Bank Plc. were similar.

Tolu left the bank in April 2002 to work on writing books, which she continues to do to date. She joined First Capital Trust Limited on August 6, 2007 as the head, Finance & Strategy.

PAUL OKUNAIYA (HEAD, TURNAROUND MANAGEMENT)

He has a Bachelor of Science degree in Accounting (second class upper division) from Lagos State University and an MBA in Finance from the same university. He has over seven years work experience spanning private and wealth management, corporate treasury, Commercial and Corporate Banking.

Paul started as an accountant with ChurchGate and worked in Royal Spinners Limited, Isolo (a member of the ChurchGate group in 2001. He joined Global Bank in 2002 and worked as a supervisor in the Treasury department and later wealth/private banking department before moving to Zenith Bank Plc in March 2004. While in Zenith, he had the responsibility for establishing banking relationships with high network individuals, relationship management of corporate clients, loan management, and an overall business building and relationship establishment. He left Zenith as an Assistant Manager.

In September 2007, Paul moved to Access Bank Plc. to head the Creek Road Branch in Apapa and thereafter worked for United Bank for Africa Plc. He currently heads the Corporate turn-around / Restructuring of First Capital Trust Limited.

TOYIN AJALA (FINANCIAL CONTROLLER)

Toyin has an MBA in Financial Management from the Lagos State University. She is an accounting graduate of Lagos State Polytechnic and has a Bachelor of Science degree in Applied Accounting from Oxford Brookes University, United Kingdom. Toyin worked with T. A. Braithwaite Insurance Brokers before joining Horwath Dafinone Chartered Accountants. She rose to the position of Senior Manager before joining First Capital Trust Limited in 2008.

A member of the Institute of Chartered Accountants of Nigeria, a member of the Association of Certified Chartered accountants in the UK and also a registered member of Chartered Institute of Stockbrokers in Nigeria, she has over ten years work experience in accountancy and audit of conglomerates, financial services, oil exploration, trading and manufacturing companies.

SEGUN ADEPOJU, COMPANY SECRETARY AND LEGAL ADVISER

A graduate of Law from the Obafemi Awolowo University, Ile Ife (Second Class Upper Division) and award winner of the prestigious Professor B.O Iluyomade prize for the best graduating student in Administrative Law, has about six years work experience with various firms, including Kola Awodein & Co., Freshfields, Chief B. O. Benson Law Offices and Jackson, Etti & Edu. He has a Masters degree in Law (LLM) (Corporate Management & Finance Law) from the Obafemi Awolowo University, Ile Ife. He is also an associate member of the Chartered Institute of Taxation of Nigeria and the Nigerian Bar Association.

Before joining the team of First Capital Trust Limited, Segun practiced in the law firm of Jackson, Etti & Edu covering assignments that ranged from advisory services to foreign clients, drafting and generating contractual documentations, drafting and generating trademark licensing agreement, legal documentations and contractual negotiations on project finance, mergers and acquisitions, venture capital, private equities and acquisition of real estate rights, et cetera.

WHY RAISE EQUITY? - PURPOSE OF THE OFFER

The purpose of the offer is to provide adequate funds for investment and injection into the existing subsidiaries in the leasing, capital market operations business, mortgage banking, real estate, and microfinance businesses. It will also provide funds for working capital for the turnaround management business.

UTILIZATION OF NET OFFER PROCEEDS

The net proceed of ₦1,940,000,000.00 after deducting the Private Placement cost estimated at ₦=62,275,000.00 (representing 3% of gross proceeds) will be applied as follows:

	₦ 'million	%
Seed Capital Micro-finance Bank	320	16
FCTL Leasing Company Nigeria Limited	360	19
CitiHomes Savings and Loans Limited	560	29
First Capital Trust Limited	700	36
	<hr/>	<hr/>
	1,940	100
	===	===

BENEFITS TO SHAREHOLDERS

Seed Capital Micro-Finance Bank

The Microfinance Bank will be able to establish branches in all the local governments in Lagos and also expand to other states of the federation. This will enable it meet the huge demand for its services and also make a good return on our investment.

FCTL Leasing Company Nigeria Limited

Similarly, the leasing company has not been able to meet the demand for its services and has to resort to borrowing funds from commercial banks. This offer will enable the company to broaden its clientele products and also improve on its contribution to the group earnings.

CitiHomes Savings and Loans Limited

CitiHomes is a newly acquired mortgage bank that was established over thirteen years ago. First Capital has taken over the company as part of its turn-around focus to put the company on its footing. This company is not only expected to provide mortgage services to the Nigerian populace but also play a major role in developing the Nigerian mortgage market. Within a period of three years this company is expected to be quoted on the Nigerian Stock Exchange and this will further enhance both earnings and value of your investment in First Capital.

First Capital Trust Limited

First Capital funds will be used to invest in a number of new companies for turnaround management, including increasing our holdings in Livestock feeds which we consider to hold a bright future in the Agro-allied industry. Besides this, we intend to also engage in building some residential properties at major areas in Lagos, including Ikoyi in order to reduce the huge gap between the demand and supply of decent houses for Nigerian residents. All these are expected to make good returns on our investment

FINANCIAL SUMMARY

The projected financial summary is as presented below:

Forecast Offer Statistics:

YEAR ENDING 30 JUNE	2009	2010	2011
	₦ Million	₦ Million	₦ Million
Turnover	3,300	4,500	7,500
	=====	=====	=====
Profit before Taxation	1,658	2,778	3,680
Taxation	(199)	(267)	(267)
	=====	=====	=====
Profit after Taxation	1,459	2,511	3,413
Proposed Dividend	(408)	(835)	(835)
Proposed Bonus	(255)	0	0
	-----	-----	-----
Retained profit for the Year	797	1,676	2,578
Earnings per share (kobo)	71.57	98.55	133.95
Dividend per share (kobo)	20.00	32.76	32.76

*The earnings and dividend per share are based on 2,038,000,000 ordinary shares of 50k each in 2009 and 2,548,000,000 ordinary shares of 50 kobo each in 2010 and 2011, being post offer shares expected to be in issue.

The post offer number of ordinary shares of 2038,000,000 above is based on then combinations of the ordinary shares of 297,000,000 existing as at 30 June 2008; 1,336,500,000 bonus shares approved at the Annual General Meeting held on 19 August 2008 and the proposed offer of 404,500,000 ordinary shares.

COMPLIANCE TO CORPORATE GOVERNANCE

Our internal processes and procedures are guided by the principles of transparency, accountability, fairness and responsibility. Management activities are determined by integrity, objectivity, and good business savvy. The board and management of First Capital Trust Limited are committed to its core values of integrity, customer focus, people and excellence and to the tenets of good corporate governance, which include fairness, honesty, transparency, independence, performance orientation, responsibility, accountability, good judgment and integrity, mutual respect and total commitment to the organization.

RESPONSIBILITY OF BOARD OF DIRECTORS

The company is fully compliant with all the duties and responsibilities stated under the code of Corporate Governance.

CHAIRMAN AND CEO POSITION

Responsibilities at the top of the Company are well defined; and no one individual dominates the Board. The position of the Chairman is separate from that of the Chief Executive. The Chairman is not involved in the day-to-day operations of the Company and is not a member of any subcommittee of the Board.

RISK AND MITIGATING FACTORS

☐ **POLITICAL RISK**

The political risk is the likelihood of instability in government and threats of political problems making the business environment not conducive.

Assessment: This risk is considered low.

Justification/Mitigating Factor

The prolonged political instability in Nigeria derived from a long period of military rule is gradually subsiding after over 8 years of uninterrupted democratic governance. The April 2007 election results, though flawed on account of perceived widespread irregularities, have come to be accepted as part of challenges of democratic experience. For the first time ever, Nigeria has transited from one elected civilian leader to another elected civilian leader. We are of the opinion that this smooth transition will be sustained and that any contention of the April 2007 election results shall follow judicial due process to further bring a period of sustained political stability.

☐ **MACROECONOMIC RISK**

Nigeria has had a history of sub-optimal fiscal management with obvious negative economic consequences with the likelihood of that continuing.

Assessment: This risk is considered low.

Justification/Mitigating Factor

The last government has addressed this risk to a large extent. With measured doses of economic reforms in almost every sector of the economy, the government has significantly boosted the investment climate. These reforms include those of the National Economic Empowerment and Development Strategy (NEEDS), the favourable BB-sovereign rating by Fitch and the delisting of Nigeria by FATF from the list of Non Cooperating Countries and Territories (NCCTs) on money laundering and narcotics trade, which is expected to continue to boost the investment climate with continuous inflow of Foreign Direct Investment (FDI).

☐ **INDUSTRY RISK**

Banking industry consolidation has created bigger banks with a redefined landscape, but with keener competitive advantages over non bank financial institutions. The Banking industry consolidation has further given rise to the need for banks to have deep pockets in order to take advantage of the opportunities created by the various economic reforms. With the fresh capital raising activities of banks to meet increasing funding requirement from the local market, an increased capacity to extend more credit to customers has been created. This has made banks able to compete ferociously with the non bank financial institutions. Furthermore, the downward sliding of the Monetary Policy Rate (MPR), withdrawal of cheap government deposits from the banks and increasing returns in the capital market, which tends to pull money away from the money market have resulted in thinning margins for the industry.

Assessment: This risk is considered low to medium.

Justification/Mitigating Factor

To mitigate against this risk, FCTL has carved out a niche for itself in one of its business areas—turnaround management. By successfully turning around the fortunes of an agro-allied company in the feed milling business that had recorded an average of N200 million loss for six years, with a negative shareholders' funds in excess of one billion naira, indebtedness to financial institutions in excess of one billion two hundred million naira, unfunded gratuity, several pending court cases, et cetera to one that has repaid its obligations to financial institutions, raised over N600 million from the capital market, turned the shareholders' funds positive, et cetera, the company has proved its worth in the industry. Based on the market perception of the transformation process on this feed milling company, the market rewarded the company by lifting its shares from 95kobo per share in December 2006 to N3.63 per share as at 31st December, 2007 and to N7.30 by the end of the first quarter of 2008. The share price climbed so high that it got to N9.98 on one occasion in the early part of the first quarter.

This singular success has caused a ripple effect in the market with more organizations now following the FCTL example to sign on turnaround management engagements with the many ailing manufacturing and other companies in the country.

In addition, FCTL has diversified its portfolio by also venturing into the microfinance bank and leasing businesses with more lucrative businesses in the pipeline that have little to do with the financial industry, e.g. real estate. FCTL's activities have resulted in a growth in the balance sheet from N42.5 million in 2005 to N3 billion in June 2008. Therefore, the likelihood of industry risk negatively impacting the business of this company is largely mitigated.

☐ **MARKET (TRADING) RISK**

Market risk is the potential change in value of financial instruments caused by fluctuations in equity prices, interest rates, exchange rates, credit spread, and/or other risks.

Assessment: This risk is considered medium.

Justification/Mitigating Factor

The company has a risk management process whereby the market risk tolerance and limits are defined and communicated to managers in charge of financial decisions. Exposure to specific asset classes and market risk factors are constrained. The executive committee is also responsible for defining what markets the company will transact business and take risks.

☐ **CREDIT RISK**

This is the potential for loss that can occur as a result of an individual, counterparty or any other company being unable or unwilling to honor its contractual obligations to First Capital Trust Limited. By the very nature of a core business of the company—turnaround management—earnings from these jobs are not tied to the clients' financial situation at the start of the job. Rather, they are tied to FCTL's ability to change the fortunes of such companies. Despite the best of plans, resources and people, situations may still arise where companies do not respond to the work that is done, hence expected earnings do not crystallize.

Assessment: This risk is considered medium. For the subsidiary, FCTL-Leasing, the risk is medium to high because of the likelihood of situations that can make customers unwilling or unable to meet their obligations.

Justification/Mitigating Factor

The company is selective about the clients that it serves, choosing those with high ethical standards, thereby limiting the likelihood of a company being unwilling to pay its obligations to the company. Some of the businesses that we transact are on cash basis, e.g. trading in shares and requires no credit from either side. Where credit is involved, it is usually granted to us.

For turnaround management clients that are usually in poor financial states when we start the jobs, getting our payments is hinged on our ability to change the fortunes of the company. Hence, performance actually rests on us. The risk for the leasing business is managed by securing guarantors for the lease transactions who are called upon to honour the obligations where the lessee is unable to do so. The asset financed is also a security because it is always purchased in the name of the company with ownership transferred at the end of the lease. This means that it can be sold to recover the funds granted to the lessee.

☐ **CURRENCY RISK**

Due to the economy being over dependent on imports and exports, the exchange rate of the Nigerian naira to other currencies is exposed to serious fluctuations. Negative fluctuations can result in material losses due to adverse changes in the exchange rate of the naira against other currencies.

Assessment: This risk is considered low to medium.

Justification/Mitigating Factor

Currently, FCTL has generated funding from the local market. That source of finance is still open to it, especially as the company holds significant stocks of local companies that can be used to secure whatever facility is granted to it.

☐ **OPERATIONAL RISK**

The major risk to its operations is that the technical expertise required for the various businesses that the company is engaged in resides in only a few people. Currently, the chief executive officer is the only technical staff with the required skills to handle these businesses. He works with the assistance of the Controller. While the CEO has great skills and proven expertise in relevant segments of the business like turnaround management, capital market operations, fund management, et cetera, he does not have the skills required to run a mortgage bank for instance or to handle investments in real estate. Where the necessary skills are not available, the operations of the company will be negatively affected.

Assessment: This risk is considered low.

Justification/Mitigating Factor

Plans to attract and retain the right quality and number of staff to take charge of the various subsidiary companies are in top gear.

☐ **TECHNOLOGY RISK**

This is the likelihood that a technological innovation will render the company's equipment obsolete for its operating activities.

Assessment: This risk is considered low, almost nonexistent.

Justification/Mitigating Factor

The business of FCTL does not require any specialized technology or equipment beyond the regular computers and projectors that will be used.

☐ **FINANCIAL RISK**

This is the risk that the company will be unable to continue operating because of poor finances. Its bullish expansion plans will make huge funding demands on the company, especially as the current sources are very limited.

Assessment: This risk is considered medium.

Justification/Mitigating Factor

Although FCTL is a young company (three years in existence with the current shareholders) with limited funds, the company has been able to increase its balance sheet size from N42.5 million in 2005 to N3 billion in 2008. A significant part of this figure is N1.8 billion that is carried as a stock revaluation reserve. This is made up of the stocks of various quoted companies, which are easily convertible to cash. Therefore, the company can raise some funds from the investments that it currently holds. In addition, several banks have made financing offers to the company for various aspects of its existing and envisaged businesses. However, to get long term finance for some of its investments that are long term in nature, the company plans to increase its share capital by the issue and sale of more shares, through private placement. Consequently, FCTL is positioned to properly handle its funding requirements.

☐ **LIQUIDITY RISK**

This is the potential inability to meet financial obligations as they become due. Managing liquidity risk relates to the ability of a company to repay short-term borrowings with new borrowings or with assets that can be quickly converted into cash. Liquidity risk also includes both the potential inability to raise funding with appropriate maturity, currency and interest rate characteristics, the inability to liquidate assets in a timely manner at a reasonable price and the inability to sell shares held on the market at reasonable prices.

Assessment: This risk is considered low.

Justification/Mitigating Factor

The company holds a portfolio of shares that are readily convertible to cash hence any financial obligation that falls due for payment can easily be repaid with the proceeds of share sales if cash is not readily available.

Finally, I urge you to take advantage of this unique opportunity and we look forward to receiving you on board our journey at FIRST CAPITAL TRUST PLC

Yours faithfully,

G. T. S. Adokpaye

1. THE FINANCIAL FORECAST

i. Letter from the Reporting Accountant on the Profit Forecast

The following is a copy of a letter on the Profit Forecast by BDO Oyediran Faleye Oke & Co., (Chartered Accountants), Reporting Accountants, to the offer:

BDO Oyediran Faleye Oke & Co.
Chartered Accountants
5th Floor, Elephant Cement House
ASSBIFI Road, Central Business District
Alausa, Ikeja
Lagos
September 2008

The Directors
First Capital Trust Limited
7th Floor, Eleganza Plaza,
Plot 634, Adeyemo Alakija Street
Victoria Island
Lagos

And

The Directors
Cash Craft Asset Management Limited
7th Floor, Foreshore Towers,
2A Osborne Road,
Ikoyi,
Lagos

Dear Sirs,

The profit forecasts of First Capital Trust Limited for which the directors are solely responsible are set out on page 26 of the private placement memorandum dated September 2008.

We have reviewed the accounting policies and calculations adopted in arriving at the profit forecast. In our opinion, the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Board, which are set out on page 27 of the private placement memorandum presented on a basis consistent with the accounting policies normally adopted by the Company according to the historical cost convention.

However, there will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

The forecast information is not intended to and does not provide all information and disclosures necessary to give a fair presentation of the results of the operations of the Company in accordance with Nigerian Statements of Accounting Standards.

We have no responsibility to update this report for events or circumstances occurring after the date of the report.

Yours faithfully

BDO Oyediran Faleye Oke & Co.
[Chartered Accountants]
REPORTING ACCOUNTANTS

ii. Letter from the Reporting Accountant in respect of Going Concern Status

BDO Oyediran Faleye Oke & Co.
Chartered Accountants
Elephant Cement House
5th Floor
ASSBIFI Road, Central Business District
Alausa, Ikeja
Lagos
15th September 2008

The Directors
First Capital Trust Limited
7th Floor, Eleganza Plaza,
Plot 634, Adeyemo Alakija Street
Victoria Island
Lagos

And

The Directors
Cash Craft Asset Management Limited
7th Floor, Foreshore Towers
2A Osborne Road
Ikoyi
Lagos

Dear Sirs,

CONFIRMATION OF THE GOING CONCERN STATUS

Based on the information and confirmations received from the Directors of First Capital Trust Limited, and our review of past results of the Company, as well as existing operational position, the Directors of First Capital Trust Limited believe that no material liabilities will emanate from the observations noted in our opinion page of the Accountants' Report that will affect the going concern status of the Company.

We are therefore of the opinion that the Company will continue as a going concern in the foreseeable future.

Yours faithfully

BDO Oyediran Faleye Oke & Co.
[Chartered Accountants]
REPORTING ACCOUNTANTS

iii. Profit Forecast For 1 October 2008 to 30 June 2011

The Directors are of the opinion that in the absence of unforeseen circumstances, and based on the assumptions set out below, the profit before taxation for the years ending 30 June 2009, 2010 and 2011 will be as indicated below. If this forecast is achieved, appropriations there from will be approximately as follows:

	First Capital 2009 =N=million	First Capital 2010 =N=million	First Capital 2011 =N=million
Turnover	3,300	4,500	7,500
Cost of sales	(1,716)	(2,475)	(4,500)
	1,584	2,025	3,000
Other Income			
Income from investments in subsidiaries	385	1,413	1,748
Rental Income/Others		-	
Fees and commission	32	50	100
Interest expense	(50)	(300)	(558)
Bad and doubtful debt expense	-	-	-
Gross profit	1,951	3,188	4,290
Operating expenses:	(293)	(410)	(610)
Profit before taxation	1,658	2,778	3,680
Taxation	(199)	(267)	(267)
Profit after taxation	1,459	2,511	3,413
Appropriations:			
Dividend payable	408	835	835
Statutory reserve	-	-	-
Reserve for Bonus issue	255	-	-
Dividend per share (kobo)	20.00	32.76	32.76
Earnings per share (kobo)	71.57	98.55	133.95
Forecast earnings yield at offer price	0.14	0.20	0.27
Forecast dividend yield at offer price	0.04	0.07	0.07
Dividend cover (Times)	3.58	3.01	4.09
Forecast price earnings ratio	6.92	5.02	3.70

*The earnings and dividend per share are based on 2,038,000,000 ordinary shares of 50k each in 2009 and 2,548,000,000 ordinary shares of 50 kobo each in 2010 and 2011, being post offer shares expected to be in issue.

The post offer number of ordinary shares of 2,038,000,000 above is based on the combination of the ordinary shares of 297,000,000 existing as at 30th June 2008, 1,336,500,000 bonus shares approved at the Annual General Meeting held on 19 August 2008 and the proposed offer of 404,500,000 ordinary shares.

iv. Basis and Assumptions For the Preparation of Financial Forecasts

The forecast has been arrived at on the following bases and assumptions:

Bases

- a) The forecast for the years ended 30 June 2009, 2010 and 2011 has been prepared on a basis consistent with the accounting policies normally adopted by the Company.
- b) Previous years actual performance have been reviewed against budget as the basis for measuring the reasonableness of the forecast for the years ending 30 June 2009, 2010 and 2011
- c) The forecast is based on the net proceeds from the private placement being realised and brought into the books at the end of the offer period.

Assumptions

The following are the assumptions underlying the Company's profit forecast

- a) ₦ 2 billion shall be raised from FCTL's private placement. The funds less estimated private placement expenses of ₦ 60 million will become available in November 2008 and will be invested in the new subsidiaries as follows:
 - FCTL-Leasing: ₦ 360 million
 - Seed Capital Microfinance Bank: ₦ 320 million
 - Citihomes Mortgage Bank: ₦ 560 million
 - FCTL: ₦700 million.
- b) The Company will continue to enjoy the goodwill and patronage of present and potential customers.
- c) There will be no significant changes in the Federal Government's monetary and fiscal Company policies that will adversely affect the Company
- d) There will be no material changes in the political and economic climate that will adversely affect the operations of the Company.
- e) The basis of taxation both direct and indirect, will not change materially
- f) The quality of the Company's management will be sustained during the forecast period
- g) There will be no litigations with adverse consequences on the Company
- h) Taxation is calculated at 30% and education tax at 2% of assessable profit. Effective Company tax rate will not be higher than 12%.
- i) The Company will experience growth in its customer base
- j) The shares of the Company on offer will be fully subscribed.
- k) The Company will not suffer any major uninsurable catastrophe
- l) Gross earnings is expected to increase in 2009 by 174% over the income recorded for the six month period ending 30 June 2008 and subsequently increase by 37% and 67% in 2010 and 2011 respectively
- m) Dividend is at 4%, 7%, and 7% of the offer price of N4.95 per share of 2,038,000,000 units of shares in 2009 and 2,548,000,000 units of shares outstanding for year 2010 and 2011.
- n) Operating expenses expressed as a percentage of net turnover is 18%, 20%, 21% in 2009, 2010, and 2011 respectively.

2. **REPORTING ACCOUNTANTS' REPORT**

The following is the text of report from BDO Oyediran Faleye Oke & Co., (Chartered Accountants), Reporting Accountants, to the offer:

BDO Oyediran Faleye Oke & Co.
Chartered Accountants
5th Floor, Elephant Cement House
ASSBIFI Road, Central Business District
Alausa, Ikeja
Lagos
September 2008

The Directors
First Capital Trust Limited
7th Floor, Eleganza Plaza,
Plot 634, Adeyemo Alakija Street
Victoria Island

And

The Directors
Cash Craft Asset Management Limited
7th Floor, Foreshore Towers,
2A Osborne Road,
Ikoyi,
Lagos

Dear Sirs,

We have reviewed the audited financial statements of First Capital Trust Limited ("The Company") for the five months period ended 31 December 2005, years ended 31 December 2006 and 2007 and for the six months period to 30 June 2008. The financial statements were prepared under the historical cost convention and on the basis of accounting policies disclosed in notes to the financial statements.

Our review of the financial statements has been limited primarily to the working papers of the external auditors of the Company, enquiries of the Company's personnel and analytical procedures applied to the financial data, and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis of preparation

The summarised profit and loss accounts, balance sheets and cashflow statements set out in the private placement memorandum are based on the audited financial statements of the Company. No audited financial statements of the Company have been made up in respect of any period subsequent to 30 June 2008.

Responsibility

The financial statements are the responsibility of the Directors of First Capital Trust Limited who approved the issue. The Directors of the Company are also responsible for the contents of the private placement memorandum in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements to form an opinion on the financial information and to report our opinion to you.

Financial information

The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. Our work also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information, and whether the accounting policies are appropriate to the circumstances of First Capital Trust Limited, consistently applied and adequately disclosed.

We planned and performed our work in accordance with the International Standard on Review Engagements 2400 which requires that we plan and perform the review 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, based on our examination of the reports of Yinka Adesanya & Co (Chartered Accountants) of 4 Simbiat Abiola Road, Ikeja, Lagos, who are the auditors of First Capital Trust Limited, the financial information set out in this report gives a true and fair view of the results of the Company for the periods stated.

Yours faithfully

BDO Oyediran Faleye Oke & Co.

[Chartered Accountants]

REPORTING ACCOUNTANTS

3. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

i) **Nature of Financial Information**

The financial information set out in paragraphs 4 to 7 below does not constitute statutory accounts within the meaning of section 334 of the Companies and Allied Matters Act, CAP C20 LFN, 2004, but has been extracted from the audited financial statements of First Capital Trust Limited for the five month period ended 31 December 2005, financial years ended 31 December 2006 and 2007 and the six month period to 30 June, 2008. The External auditors of First Capital Trust Limited, Yinka Adesanya & Co (Chartered Accountants) of 4 Simbiat Abiola Road, Ikeja, Lagos have audited and made a report under section 359 of the Companies and Allied Matters Act, CAP C20, LFN, 2004 on First Capital Trust Limited's annual financial statements for the financial period ended 31 December 2005 financial years ended 31 December 2006, 2007 and six months period to 30 June 2008. None of the financial statements for the financial period ended 31 December, 2005 and the financial years ended 31 December 2006 and 2007 and six months period ended 30 June 2008 was qualified.

ii) **Significant change**

There has been no significant change in the business of the Company since 30 June, 2008 the date to which the last audited financial statements signed by the directors were made up.

iii) **Accounting policies**

The financial information in this report has been prepared in accordance with the applicable accounting standards. The principal policies adopted for the purposes of this financial information have been applied by the Company on a consistent basis.

a) Basis of accounting

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira and prepared under the historical cost convention.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) Turnover

The Company recognises income when invoices are raised.

c) Depreciation

Fixed Assets are depreciated over their estimated useful lives by the straight line method at the following annual rates and charged against the results of operations for the year.

ASSETS BY CLASSIFICATION	RATES
Motor Vehicles	25%
Furniture and fittings	20%
Office Equipment	25%

d) Investment in Shares

Shares are stated at market value. However, where they have not been allotted, they are stated at cost.

The cost of shares sold is determined on a weighted average basis.

e) Foreign Exchange Transactions

- i) Basis of Conversion:
Transactions in foreign currency are converted into Naira at the exchange rate ruling at the date of the transaction.
- ii) State of Exchange Difference:
Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included in the statement of profit and loss in the period which it arises.

f) Accounting responses to the effect of inflation

No provision has been made in this account for the effects of rising prices and inflation

4. BALANCE SHEETS

The following is a summary of the balance sheets of:

First Capital Trust Limited as at:		30/06/08 (6 Mths)	31/12/07	31/12/06 (5 Mths)	31/12/05
	Notes	N'	N'	N'	N'
<u>ASSETS:</u>					
Cash And Short Term Funds	7.02	46,507,849	70,673,346	2,585,469	31,439,239
Trade investments	7.03	2,816,130,167	2,241,733,318	298,540,889	1,500,000
Advances Under Finance Lease	7.04	104,659,548	50,098,556	26,670,389	-
Other Assets	7.05	33,534,196	4,310,487	57,831,885	3,111,333
Fixed Assets	7.06	35,648,014	6,995,818	10,284,817	8,820,885
Pre-Operational Expenses		-	-	-	859,347
TOTAL ASSETS		<u>3,036,479,774</u>	<u>2,373,811,525</u>	<u>395,913,449</u>	<u>45,730,804</u>
<u>LIABILITIES:</u>					
Portfolio Liability	7.07	18,486,211	494,209,600	216,733,230	2,543,604
Other Liabilities	7.08	350,248,163	70,071,923	37,605,061	652,719
TOTAL LIABILITIES		<u>368,734,374</u>	<u>564,281,523</u>	<u>254,338,291</u>	<u>3,196,323</u>
NET ASSETS		<u>2,667,745,400</u>	<u>1,809,530,002</u>	<u>141,575,158</u>	<u>42,534,481</u>
<u>CAPITAL AND RESERVES:</u>					
Share Capital	7.09	148,500,000	148,500,000	137,500,000	20,000,000
Share Premium	7.10	2,200,000	2,200,000	-	-
Bonus Reserves	7.12(a)	668,250,000	-	-	-
Deposit for shares	7.11	-	-	-	28,852,186
Retained Earnings	7.12(c)	48,069,063	39,951,583	4,075,158	(6,317,705)
Stock revaluation reserve	7.12(b)	1,800,726,337	1,618,878,428	-	-
SHAREHOLDERS' FUNDS		<u>2,667,745,400</u>	<u>1,809,530,011</u>	<u>141,575,158</u>	<u>42,534,481</u>
Acceptances, bonds, guarantees and other obligations (and the corresponding liability thereon)		-	-	-	-

5. **PROFIT AND LOSS ACCOUNT**

The following is a summary of the Profit and Loss Accounts of:

First Capital Trust Limited as at:		30/06/08	31/12/07	31/12/06	31/12/05
		(6 Mths)			(5 Mths)
	Notes	N'	N'	N'	N'
GROSS MARGIN		<u>1,216,318,709</u>	<u>307,406,824</u>	<u>98,445,906</u>	<u>540,043</u>
Income	7.15	1,216,318,709	301,005,543	68,183,244	540,043
Interest expenses	7.16	<u>(116,846,184)</u>	<u>(153,178,985)</u>	<u>(42,219,754)</u>	<u>(9,916)</u>
NET INTEREST INCOME		1,099,472,525	147,826,558	25,963,490	530,127
(Provision for bad and doubtful debts)/Write back		<u>(535,140)</u>	<u>3,000,000</u>	<u>(3,845,716)</u>	<u>-</u>
NET INTEREST MARGIN		1,098,937,385	150,826,558	22,117,774	530,127
Fees and Commissions		<u>-</u>	<u>6,401,281</u>	<u>30,262,662</u>	<u>-</u>
NET MARGIN		1,098,937,385	157,227,839	52,380,436	530,127
Operating expenses		<u>(221,641,529)</u>	<u>(83,194,790)</u>	<u>(41,037,573)</u>	<u>(6,847,832)</u>
PROFIT/(LOSS) BEFORE TAXATION		877,295,856	74,033,049	11,342,863	(6,317,705)
Taxation	7.14	<u>(186,078,376)</u>	<u>(23,306,624)</u>	<u>(950,000)</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION		691,217,480	50,726,425	10,392,863	(6,317,705)
APPROPRIATIONS					
Transfer to Bonus Reserves	7.12(b)	(668,250,000)	-	-	-
Dividend	7.13	(14,850,000)	(14,850,000)	-	-
Transfer To Retained Earnings	7.12(c)	<u>8,117,480</u>	<u>35,876,425</u>	<u>10,392,863</u>	<u>(6,317,705)</u>
Earnings/(Loss) Per Share (Basic)		233	17.08	3.78	(15.79)
Dividend Per Share (Basic)		5	5	-	-

6. **CASHFLOW STATEMENTS**

		30/06/08	31/12/07	31/12/06	31/12/05
	(6 Mths)			(5 Mths)	
	Notes	N'	N'	N'	N'
Net cash flow from operating activities					
before changes in operating assets	7.18	882,969,819	77,493,719	14,608,978	(5,645,990)
Net changes in Assets/liabilities	7.18	<u>(465,410,226)</u>	<u>301,981,159</u>	<u>168,801,027</u>	<u>84,990</u>
Net cash flow from operating activities	7.18	<u>417,559,593</u>	<u>379,474,878</u>	<u>183,410,005</u>	<u>(5,561,000)</u>
<u>Investing activities</u>					
Purchase of fixed assets		(34,326,150)	(273,000)	(3,870,700)	(9,492,600)
(Purchase)/disposal of long-term investments		(392,548,940)	(324,314,001)	(297,040,889)	(1,500,000)
Pre- Operation Expenses			-	-	(859,347)
Net cash flow from investing activities		<u>(426,875,090)</u>	<u>(324,587,001)</u>	<u>(300,911,589)</u>	<u>(11,851,947)</u>
<u>Financing activities</u>					
Proceeds from issue of shares		-	13,200,000	88,647,814	20,000,000
Deposit for Shares		-	-	-	28,852,186
Share issue expenses		-	-	-	-
Dividend paid		<u>(14,850,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flow from financing activities		<u>(14,850,000)</u>	<u>13,200,000</u>	<u>88,647,814</u>	<u>48,852,186</u>
Net increase in cash and short-term funds		(24,165,497)	68,087,877	(28,853,770)	31,439,239
Cash and short term funds at the beginning of the year		<u>70,673,346</u>	<u>2,585,469</u>	<u>31,439,239</u>	<u>-</u>
Cash and short term funds at the end of the year		<u>46,507,849</u>	<u>70,673,346</u>	<u>2,585,469</u>	<u>31,439,239</u>

7. NOTES TO THE ACCOUNT

7.01 CORPORATE STRUCTURE AND BUSINESS

The company was incorporated in 2001 as a private limited liability Company in Nigeria. First Capital Trust Limited ("FCTL") is a non bank financial services Company established to offer Corporate, commercial and micro financing services to middle and lower market business. The Company also specializes in the provision of a range of capital market and corporate finance services such as: fund management, financial advice, asset management, structured finance, corporate divestments, buy-out and buy-in management, corporate transformation and turn-around management.

The Company commenced business operations in 2005

7.02 CASH AND SHORT TERM FUNDS

As at:	30/06/08 N'	31/12/07 N'	31/12/06 N'	31/12/05 N'
Cash in Hand	-	42,885	4,600	13,789
Bank Balance	26,507,849	50,630,461	2,580,869	494,660
Call Account	-	-	-	30,930,790
Deposit with CBN	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>
	46,507,849	70,673,346	2,585,469	31,439,239

7.03 TRADE INVESTMENTS

Deposit for Stock Purchase	170,000,000	240,000,000	-	961,423
Quoted Investments (Market Price)	2,633,830,167	2,001,733,318	1,540,889	538,577
Commercial Paper	12,300,000	-	300,000,000	-
Provision for loss in value	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>-</u>
	2,816,130,167	2,241,733,318	298,540,889	1,500,000

7.04 ADVANCES UNDER FINANCE LEASE

Finance Lease	106,040,404	50,944,272	26,939,787	-
Less unearned income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	106,040,404	50,944,272	26,939,787	-
Provision for doubtful debts	<u>(1,380,856)</u>	<u>(845,716)</u>	<u>(269,398)</u>	<u>-</u>
	<u>104,659,548</u>	<u>50,098,556</u>	<u>26,670,389</u>	<u>-</u>

7.05 OTHER ASSETS

Account receivable	111,320	2,303,820	57,764,203	1,000,000
Other assets- Seed capital	25,772,709	-	-	-
Prepayments	5,002,667	2,006,667	644,000	2,111,333
Other Debtors	2,647,500	-	-	-
Provision for doubtful debt	<u>-</u>	<u>-</u>	<u>(576,318)</u>	<u>-</u>
	<u>33,534,196</u>	<u>4,310,487</u>	<u>57,831,885</u>	<u>3,111,333</u>

7.06 FIXED ASSETS

As at:	30/06/08 N'	31/12/07 N'	31/12/06 N'	31/12/05 N'
Cost :				
Office Equipment	1,855,600	832,000	762,700	502,000
Motor Vehicles	42,552,500	11,262,500	11,262,500	7,762,500
Furniture and Fittings	3,061,230	1,048,680	1,338,100	1,228,100
	<u>47,469,330</u>	<u>13,143,180</u>	<u>13,363,300</u>	<u>9,492,600</u>

Accumulated Depreciation :

Office Equipment	526,941	366,800	169,055	39,313
Motor Vehicles	10,605,782	5,286,719	2,471,094	530,469
Furniture and Fittings	<u>688,593</u>	<u>493,843</u>	<u>438,334</u>	<u>101,933</u>
	<u>11,821,316</u>	<u>6,147,362</u>	<u>3,078,483</u>	<u>671,715</u>

Net Book Value:

Office Equipment	1,328,659	465,200	593,645	462,687
Motor Vehicles	31,946,718	5,975,781	8,791,406	7,232,031
Furniture and Fittings	<u>2,372,637</u>	<u>554,837</u>	<u>899,766</u>	<u>1,126,167</u>
	<u>35,648,014</u>	<u>6,995,818</u>	<u>10,284,817</u>	<u>8,820,885</u>

7.07 PORTFOLIO LIABILITY

Stock Finance Facility	-	487,060,562	216,733,230	2,543,604
Shareholders Deposit	14,271,197	6,149,038	-	-
Security Deposit	<u>4,215,014</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>18,486,211</u>	<u>494,209,600</u>	<u>216,733,230</u>	<u>2,543,604</u>

7.08 OTHER LIABILITIES

Audit Fees	-	-	250,000	125,000
PAYE	-	-	978,897	403,319
Withholding Tax	-	-	124,400	-
Tax provision	210,335,000	24,256,624	950,000	-
Dividend Payable	14,850,000	14,850,000	-	-
Others	<u>125,063,163</u>	<u>30,965,299</u>	<u>35,426,164</u>	<u>-</u>
	<u>350,248,163</u>	<u>70,071,923</u>	<u>37,605,061</u>	<u>652,719</u>

7.09 SHARE CAPITAL

Authorised share capital

40,000,000 ordinary shares of 50 kobo each				20,000,000
400,000,000 ordinary shares of 50kobo each	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>-</u>
	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>20,000,000</u>

Issued and fully paid

Bal @ the beginning of period/year	148,500,000	137,500,000	20,000,000	20,000,000
Share issue	-	11,000,000	88,648,000	-
Transfer from deposit for shares	<u>-</u>	<u>-</u>	<u>28,852,000</u>	<u>-</u>
Bal @ the end of the period/year	<u>148,500,000</u>	<u>148,500,000</u>	<u>137,500,000</u>	<u>20,000,000</u>

The movement in authorised share capital is as follows:

(a) At the Annual General Meeting of the Company held 2 June 2008, it was resolved that the authorized share capital of the Company be increased from 40,000,000 (forty million) ordinary shares of 50 kobo each to 400,000,000 (four hundred million) ordinary shares of 50 kobo each by the creation of 360,000,000 (three hundred and sixty million) ordinary shares of 50 kobo each, ranking pari passu with the existing shares of the Company.

7.10 SHARE PREMIUM

Movement on the share premium account is as indicated below:

Balance at the beginning of period/ year	2,200,000	-	-	-
Premium on share issue	<u>-</u>	<u>2,200,000</u>	<u>-</u>	<u>-</u>
Transfer from deposit for shares				
Balance at the end of the period/year	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>-</u>

7.11 DEPOSIT FOR SHARES

Movement on deposit for shares account is as indicated below:

Balance at the beginning of period/ year	-	-	28,852,186	-
Deposit for shares	-	-	-	48,852,186
Transfer to share capital account	-	-	(28,852,186)	(20,000,000)
Transfer to share premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the end of the period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,852,186</u>

7.12 RESERVES

(a) Bonus issue reserve

Balance at the beginning period/year	-	-	-	-
Transfer from profit & loss	668,250,000	-	-	-
Transfer to share capital	-	-	-	-
Balance at the end of the period/ year	<u>668,250,000</u>	-	-	-

(b) Stock Revaluation reserve

Balance at the end of the period/ year	<u>1,800,726,337</u>	<u>1,618,878,428</u>	-	-
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This represents surplus of market value over cost of trade investments.

(c) Retained earnings

Balance at the beginning of the period/ year	39,951,583	4,075,158	(6,317,705)	-
Transfer from profit and loss account	<u>8,117,480</u>	<u>35,876,425</u>	<u>10,392,863</u>	<u>(6,317,705)</u>
Balance at the end of the period/ year	<u>48,069,063</u>	<u>39,951,583</u>	<u>4,075,158</u>	<u>(6,317,705)</u>
	N'	N'	N'	N'

7.13 DIVIDEND

Balance brought forward	14,850,000	-	-	-
Proposed for the year	14,850,000	14,850,000	-	-
Payment during the year	<u>(14,850,000)</u>	-	-	-
	<u>14,850,000</u>	<u>14,850,000</u>	-	-

7.14 TAXATION

	N'	N'	N'	N'
a) Per profit and loss account				
Income tax on profit for the year	4,455,000	23,306,624	788,500	-
Education Tax	-	-	161,500	-
Deferred Tax	200,475,000	-	-	-
Overprovision in previous year	<u>(18,851,624)</u>	-	-	-
	<u>186,078,376</u>	<u>23,306,624</u>	<u>950,000</u>	-

b) Per balance sheet

Balance at the beginning of the year	24,256,624	950,000	-	-
Payments during the year	-	-	-	-
Overprovision in previous year	(18,851,624)			
Provision for the year:				
Income tax	4,455,000	23,306,624	950,000	-
Deferred tax	<u>200,475,000</u>	-	-	-
Balance at the end of the year	<u>210,335,000</u>	<u>24,256,624</u>	<u>950,000</u>	-

The Company has made a reserve for bonus of N668,250,000 in the financial statements for six month period ended 30th June 2008. In accordance with the provision of section 15A of Companies Income Tax Act, CAP 60 LFN 1990 (as amended) the Company would be liable to income tax of N200,475,000 i.e. 30% of N668,250,000, if the bonus shares are issued.

Income tax for the six month period ended 30 June 2008 was provided based on 30% of proposed dividend of N14,850,000.00

7.15 INTEREST AND DISCOUNT INCOME

Sale of Stock	1,199,537,960	264,663,959	68,183,244	540,043
	-	-	-	-
Lease Income	16,780,749	36,341,584	-	-
	<u>1,216,318,709</u>	<u>301,005,543</u>	<u>68,183,244</u>	<u>540,043</u>

7.16 INTEREST EXPENSE

Cost of Stock Sold	107,682,334	49,939,631	-	-
Interest Expense	9,163,850	103,239,354	42,219,754	9,916
	<u>116,846,184</u>	<u>153,178,985</u>	<u>42,219,754</u>	<u>9,916</u>

7.17 PROFIT BEFORE TAX This is stated after charging

	N'	N'	N'	N'
Directors' Emolument	27,430,000	27,095,360	3,120,000	1,110,000
Auditors' Remuneration	200,000	200,000	130,000	50,000
Depreciation	5,673,963	3,244,559	2,406,768	671,715

7.18 NET CASH FLOW FROM OPERATING ACTIVITIES

	N'	N'	N'	N'
<u>Reconciliation of net profit/(loss) to net cash provided by operating activities</u>				
Net profit/(loss) before tax	877,295,856	74,033,049	11,342,863	(6,317,705)
Adjustment to reconcile net income to net cash provided:				
Depreciation of fixed asset	5,673,963	3,244,559	2,406,768	671,715
Loss on sale of fixed assets		216,111		
Pre-operational Expenses	-	-	859,347	-
	<u>882,969,819</u>	<u>77,493,719</u>	<u>14,608,978</u>	<u>(5,645,990)</u>

Changes in assets and liabilities

(Increase)/decrease in finance lease	(54,560,992)	(23,428,167)	(26,670,389)	-
(Increase)/decrease in debtors and prepayments	(29,223,709)	53,622,718	(54,720,552)	(3,111,333)
Increase/(decrease) in portfolio liability	(475,723,389)	277,476,370	214,189,626	2,543,604
Increase/(decrease) in other liabilities	94,097,864	(5,689,762)	36,002,342	652,719
	<u>(465,410,226)</u>	<u>301,981,159</u>	<u>168,801,027</u>	<u>84,990</u>
Net cash provided by operating activities	417,559,593	379,474,878	183,410,005	(5,561,000)

Letter from the Issuing House on the Profit Forecast.



September 10, 2008

The Directors
First Capital Trust Limited
7th Floor, Eleganza Plaza
Plot 634, Adeyemo Alakija Street
Victoria Island, Lagos.

Dear Sirs,

PRIVATE PLACEMENT OF 404,500,000 ORDINARY SHARES OF 50 KOBO EACH OFFERING BY FIRST CAPITAL TRUST LIMITED AT ₦= 4.95K PER SHARE

We write further to the information memorandum issued in respect of the Private Placement of 404,500,000 ordinary shares of 50 kobo each by First Capital Trust Limited, the draft of which we have privilege of reviewing. The information memorandum contains forecasts of the profits of the Company for the years ending June 30th 2009, 2010 and 2011.

We have discussed the bases and assumptions upon which the forecast were made with you.

Having considered the assumptions made by you as well as the accounting bases and calculations, we are of the opinion that the forecast (for which you as Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully

Adeolu Ireiyomi
Managing Director
Cashcraft Asset Management Limited

STATUTORY AND GENERAL INFORMATION

Incorporation and Share Capital History

FCTL is a private limited liability company incorporated in Nigeria in 2001 with a share capital of ₦20 million comprising of twenty (20) million units of ordinary shares of ₦1 each.

Pursuant to several shareholders resolutions and "Certificates of Registration of Increase in Share Capital", the Company's initial Authorized Share Capital has been increased several times, to the present sum of 3 billion ordinary shares of 50k each.

Detailed hereunder is a summary of the Company's Authorized Share Capital reflecting increases effected therein, to date.

Date	Authorised Share Capital		Issued & Fully Paid		Par Value of Each Share
	Increase	Cumulative	Increase	Cumulative	
2001		20,000,000		20,000,000	=N=1.00
2006	360,000,000	400,000,000	235,000,000	275,000,000	=N=0.50
2007		400,000,000	22,000,000	297,000,000	=N=0.50
2008	5,600,000,000	6,000,000,000	1,336,500,000	1,633,500,000	=N=0.50

Shareholding Structure

A breakdown of the company's existing ownership structure is as follows:

Shareholders	No of Shares	%
Godwin T.S. Adokpaye (Chairman)	33,000,000	2.02
Biodun Oyapero (Managing Director)	621,500,000	38.05
Michael and Solomon Associates Ltd	440,000,000	26.94
Swap Technologies and Telecomms Ltd.	110,000,000	6.73
Jacob Akinola (Director)	225,500,000	13.80
Olusola Adeosun (Director)	154,000,000	9.43
Carrier Insurance Brokers Ltd	33,000,000	2.02
Bisi Ayole	16,500,000	1.01
	1,633,500,000	100.00

Extracts from the Memorandum of Association

3. The objects for which the Company is established are:
 - (a) To lend and advance money or to give credit to such persons or companies on such terms as may seem expedient dealing with the Company and to guarantee the performance of any contract or obligation and the payment of money by such persons or companies and generally to give guarantees and indemnities.
 - (b) To engage in turn around as well as remedial management of large-scale and small-scale businesses including general corporate advisory services.
 - (c) To engage in funds management, equipment and asset leasing and invest in micro finance of businesses.
 - (d) To borrow or raise money in such manner as the Company shall think fit and in particular by the issue of debenture or debenture stock (perpetual or otherwise) and to secure the payment of any borrowed, raised or owing mortgage, charge or lien upon all or any other person or company of any obligation by the Company or any other person or company as the case may be.

Extracts from the Articles of Association

2. Subject to as hereinafter provided and except where the same are varied by or inconsistent with these Articles of Association, the Regulations contained in Table A in the first schedule to the Companies and Allied Matters Decree, 1990, (hereinafter called the Table "A") shall apply to this company
3. The Company is a private company and accordingly:
 - (a) The right to transfer shares is restricted in the manner hereinafter provided.
 - (b) The number of members for the time being of the company (exclusive of persons who are for the time being in the employment of the company and of person who having been in the employment of the company were, while in such employment and have continued after the determination of that employment to be Members of the Company) is not to exceed fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purposes of this paragraph be treated as a single member.
 - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
 - (d) The Company shall not have power to issue share warrants to bearer.
4. Subject as is herein otherwise provided no transfer of any share in the capital of the company shall be made or registered without the previous sanction of the Directors, who may, without assigning any reason, decline in the case of any transfer the registration of which would involve a contravention of Articles 2.

Claims and Litigation

The company has no claims or litigation at all.

Declaration

Except as otherwise disclosed therein:

1. No share of the Company is under option or agreed conditionally or unconditionally to be put under option.
2. There are no founders, management of deferred shares or any options outstanding.
3. There are no long service agreements between the Company and any of its Directors and employees other than in the ordinary course of business.
4. No director of the Company has any interest, direct or indirect, in any property purchased or proposed to be purchased by the company.

Consents

The following have given and have not withdrawn their written consents to the issue of this Private Placement Memorandum, with their names and reports (where applicable) being included in the form and context in which they appear:

Directors of First Capital Trust Limited	Godwin T. S. Adokpaye – Chairman Biodun Oyapero – (Managing) Olusola Adeosun – (Executive) Jacob Akinola – (Executive) Olatunde Titilayo Chris Oshiafi
Company Secretary	Mr. Segun Adepoju
Issuing House	Cashcraft Asset Management Limited
Auditor	Yinka Adesanya & Co
Reporting Accountant	BDO Oyediran Faleye Oke & Co
Solicitor to the Company	Femi Olulowo & Associates
Solicitor to the Offer	ABFR & Co
Receiving Banker	First City Monument Bank Plc.
Placement Agents	Cashcraft Asset Management Limited Fountain Securities Limited Tubifed Investments Limited
Registrar	CSL Registrars Limited

Documents Available for Inspection

Copies of the following documents may be inspected at the Corporate Head Office of First Capital Trust Limited situated at 7th Floor, Eleganza plaza, Adeyemo Alakija Street, Victoria Island, Lagos during normal business hours on any week day (except public holidays), during the Application period.

1. The Certificate of Incorporation of First Capital Trust Limited
2. The Memorandum and Articles of Association of First Capital Trust Limited
3. First Capital Trust Limited's Board Resolution approving the Private Placement.
4. First Capital Trust Limited's Shareholders' Resolution approving the Private Placement and waiving the pre-emptive rights of shareholders.
5. The report on the historical financials prepared by the Independent Auditor, Yinka Adesanya & Co. for years 2005, 2006, 2007 and ending June 30th, 2008
6. Details of Financial Projections for the three years ending 30th June 2009, 2010 and 2011
7. Consent Letter of the parties referred to in this memorandum; and
8. Placement Memorandum in respect of the offer.

Procedure For Application and Allotment

Application

Prospective Investors to whom this Private Placement Memorandum is addressed are hereby invited to apply for the shares through any of the issuing Houses or the Placement Agents or First Capital Trust Limited.

Application for the shares must be made in accordance with the instructions set out at the back of the application form. Care must be taken to follow these instructions, as applications that do not comply may be rejected.

The Application List for the shares will open to each prospective investor for 2 weeks from the date of receipt of the Private Placement Memorandum. Application must be for a minimum of **100,000** shares and in multiples of **10,000** shares thereafter. The number of shares for which an application is made and the value and details of the cheque or bank draft attached should be entered in the boxes provided.

Applicants should sign the form and write their full names, address and daytime telephone number(s) in the boxes provided. A corporate applicant should affix its seal and state its Incorporation (RC) Number in the signature box.

Each application should be forwarded together with a cheque or bank draft for the full amount of the purchase price made payable to any of the Issuing House / Placement Agents. The cheque or draft must be crossed "**FIRST CAPITAL TRUST PRIVATE PLACEMENT**" with the name, address and daytime telephone number of the applicant written on the back. All cheques and drafts will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected.

Allotment

The Directors of the Company reserve the right to accept or reject any application in whole or in part. All irregular applications will be rejected. It is intended that the shares be allotted on a First-come, first serve basis.

Application Monies

All application monies will be retained in a separate bank account by the Issuing House pending allotment. If any application is not accepted, or is rejected for fewer shares than the number applied for, a cheque for the full amount or the balance of the amount paid (as the case may be) will be returned by post at the applicant's risk within one week of allotment. Share Certificates will be sent by registered mail not later than 2 weeks from the date of allotment.

INSTRUCTIONS FOR COMPLETING THE FORM

Applications must be made in accordance with the instructions set out on the back of this Application Form. Care must be taken to follow these instructions as applications that do not comply may be rejected.

1. Applications can only be made on the Application Form duly stamped and signed by Cashcraft Asset Management Limited and First Capital Trust Limited.
2. Applications must not be for less than the minimum number of shares stated on the Application Form. Applications for more than the minimum number of shares must be in the multiples stated on the Application Form. The number of ordinary shares for which an application is made and the amount of the cheque or bank draft attached should be entered in the boxes provided.
3. The applicant should make only one application, whether in his own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
4. Joint applicants must all sign the Application Form.
5. An application from a group of individuals should be made in the names of those individuals with no mention of the name of the group. An application by a firm which is not registered under the Companies and Allied Matters Act 1990 should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
6. An application from a corporate body must bear the corporate body's seal and be completed under the hand of a duly authorised official.
7. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.
8. The applicant should not print his signature. If he is unable to sign in the normal manner he should be treated for the purpose of this Offer as an illiterate and his right thumbprint should be clearly impressed on the Application Form.
9. Application Form when completed should be lodged with Cashcraft Asset Management Limited or First Capital Trust Limited.