

NIGERIA ENERGY SECTOR FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

AUDITORS

EMEKA IFEZULIKE & CO.
(CHARTERED ACCOUNTANTS)
PLOT 40B CHRIS MADUIKE DRIVE
LEKKI PENINSULA SCHEME 1, LAGOS.

NIGERIA ENERGY SECTOR FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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NIGERIA ENERGY SECTOR FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH, 2013

The Trustees' present their report on the affairs of Nigeria Energy Sector Fund ("the Fund") together with the financial statements and the auditors' report for the year ended 31, March 2013.

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PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Nigeria Energy Sector Fund ("the Fund") was incorporated on 19 October 1998 by the Nigeria Energy Sector Fund Plc as a close – end investment vehicle constituted under a Trust Deed with UBA Trustees Limited. The aim is to bridge the funding gap in the energy sector of the Nigerian economy through mobilization of investible funds from individuals and corporate investors, in Nigeria and foreign lands.

OPERATING RESULTS

The Fund's operating results for the year is as follows:

	Y-E 2013 =N='000	Y-E 2012 =N='000
Net income/(loss)	34,955	(43,164)
Tax	<u>(2,841)</u>	<u>(2,642)</u>
Net result after tax	32,114	(45,806)
Distribution to Note holders	<u>(24,086)</u>	<u>-</u>
Earnings transferred	8,028	(45,806)
Retained earnings, 1/4/2012	<u>157,211</u>	<u>203,017</u>
Retained earnings, 31/3/2013	<u>165,239</u>	<u>157,211</u>

BUSINESS PROSPECTS

The Fund trades relatively well in the Stock Market and plans to broaden and diversify into different asset classes. It is planned that there will be significant improvement in most areas of her investment activities in the years ahead.

LEGAL FORM AND CORPORATION INFORMATION

The Fund was incorporated as a Public Limited Liability Company to deal in quoted securities, fixed income investments and other money market instruments.

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MATERIAL POST BALANCE SHEET EVENTS

There are no post balance sheet events which could have had a material effect on the financial position of the Fund as at 31 March, 2013 and comprehensive income for the year ended on that date, which have not been adequately provided for or disclosed.

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AUDITORS

Messrs. Emeka Ifezulike & Co. have expressed their willingness to continue in office as auditors to the Fund in accordance with section 357 (2) of the Company and Allied Matters Act, CAP C20 LFN 2004 as amended. A resolution will be proposed at the annual general meeting authorizing the Fund Manager to fix their remuneration.

During the year under review, the Fund deviated from the Statutory provisions on Asset Allocation. The Fund Manager claimed to have submitted a Draft Supplemental Trust Deed to the Commission that incorporates a more feasible and viable asset mix.

Except for the above, we confirm that the Scheme has been administered in line with the provisions of the Trust Deed and the Investment and Securities Act.

BY ORDER OF THE TRUSTEES

UBA Trustees Limited
UBA House (12th Floor)
No. 57, Marina
Lagos

September 30, 2013

.....

Tokunbo Ajayi

FRC/2014/NBA/8349

NIGERIA ENERGY SECTOR FUND

RESPONSIBILITIES OF THE TRUSTEES:

The Trustees' responsibilities to the Fund are as follows:

1. To retain in its possession or in the possession of such third parties as it may with the consent of the Manager appoint, on a safe custody basis, all the investments and documents of title or value connected therewith;
2. At all times to act with prudence and honesty in relation to all investments and documents of title or value kept in its custody;
3. To forward to the Manager without delay all notices of meeting reports and circulars received by it or its nominees as holders of any investment;
4. To jointly issue (with the Fund Manager) certificates evidencing ownership of Units in the Fund;
5. To demand from the Manager a statement of all issues and sale of Units;
6. To grant its consents to the appointment of the Auditors for the Fund;
7. To make the Trust Deed available for inspection by the Unit holders during normal business hours at its head office;
8. To consider and grant approval to all advertisements, circulars or other documents of that nature containing any statement with reference to the offer price of the Units or yield therefrom or containing an invitation to buy Units issued by the Manager;
9. To convene General Meetings of the Unit holders of the Fund and/or to consent to the Manager convening such meetings;
10. To nominate the Chairman for every General Meeting of the Fund;
11. To approve the form of Proxy used for the Meetings.

NIGERIA ENERGY SECTOR FUND

Manager's Report

For the year ended 31 March 2013

Background Information

The Nigeria Energy Sector Fund ("the Fund") is a closed-end investment vehicle constituted under a Trust Deed with UBA Trustees Limited as the Trustees. The Fund which was created by Nigeria Energy Sector Fund Plc ("the Sponsor"), has Sterling Capital Markets Limited as the Fund manager. The Fund is to mobilize investible funds from individuals and corporate entities for investment in the energy sector of the Nigerian economy.

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Overview of Business Environment

The global economic growth remained slow in most economies in 2012. The global output was weaker than previously forecast due to continued contraction in the Euro zone and Japan, coupled with the less than projected growth in Brazil and India. Global output was estimated to have expanded by 3.2% in 2012 against the earlier projection of 3.3%. The Euro zone recession deepened in the final 3 months of 2012. The economy of the 17 nations in the euro zone shrank by 0.6% in the fourth quarter, which was worse than forecast. It is the sharpest contraction since the beginning of 2009 and marks the first time the region failed to grow in any quarter during a calendar year.

Despite the subdued global economic performance, the Nigerian economy achieved some growth with a stable macroeconomic outlook. Although, the National Bureau of Statistics (NBS) reported that the real GDP growth rate declined from 7.43% in 2011 to 6.58% in 2012. The decline was partly driven by the oil sector which contracted by 0.91%, while the major driver of overall growth, remained the non-oil sector, with agriculture; wholesale and retail trade; and services sectors contributing 1.37%, 2.19% and 2.10% respectively.

Although the GDP growth rate witnessed a decline, there was however a significant improvement in the country's external reserve which grew by 34.29% from \$32.90 billion in 2011 to \$44.18 billion in 2012 due to improved crude oil prices as well as significant net foreign exchange inflow from foreign investors. Consequently, the value of naira appreciated at the official market in 2012 by 0.59% to close at ₦155.77/\$, while the parallel market rate stood at ₦158.90/\$.

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The year-on-year inflation moderated, but it remained in double digits at the end of 2012 averaging 12.24%. In January 2013, inflation rate dropped to 9%, but increased to 9.5% in February 2013. The flooding phenomenon of 2012 increased inflationary pressure on food prices. The current import-dependent nature of the Nigerian economy makes it difficult for Nigerians to avert the effect of changing economic circumstances on the cost of production. Other factors that have contributed to the inflationary pressure are the weak infrastructure and the high cost of borrowing in the local financial market and the fiscal pressures.

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Despite fiscal expansion, the Monetary Policy Committee actions that kept Monetary Policy Rate at 12%, Banks liquidity ratios at 30% and Cash Reserve at 12%, helped to moderate inflation which dropped from 9.5% in February 2013 to close at 8.6% at the end of March 2013.

Capital Market

The stock market witnessed remarkable growth as market indicators trended upwards within the period. The NSE All-Share Index increased by 35.45% from 20,730.63 to 28,078.80 points in 2012. Also, in the first quarter of 2013, the NSE All-Share had garnered 17.3% increase from 28,078.80 in December 31, 2012 to 32,950.08 points. The positive performance of the market during the period was due to the sustained increase in the demand for blue-chip stocks particularly, in the banking and consumer goods sectors following improvements in earnings, attractive valuations and growing investor-confidence. This was also supported by the renewed interest by foreign portfolio managers following the commencement of a number of new initiatives by the regulators designed to enhance efficiency.

Oil & Gas Sub-Sector

In spite the impressive returns in the overall market index, the performance of companies quoted in the Oil and Gas sector of the Nigerian Stock Exchange deteriorated during the review period. The NSE Oil and Gas Index recorded a decline of 30.53% to close at 198.20 points. While other sectors witnessed appreciable increase in prices, equities value in the sector suffered a bearish run following the hullabaloo over oil subsidy probe and the inability of the federal government to effect subsidy payments while the probe lasted. This elicited investors' apathy for the sector.

Besides, the growth of the sector has remained stunted due to lack of investment for expansion programme owing to stall in the passage of Petroleum Industry Bill. The

NIGERIA ENERGY SECTOR FUND

declaration of unimpressive results also contributed to the dismal performance of the upstream Oil and Gas companies. This was also not unconnected to the subsidy probe.

The overall contribution of the Oil and Gas sector to GDP has continued to shrink in spite of favourable crude oil prices at the international markets due to the lower production relative to the corresponding periods. This is not to take away the improved performance of non oil sectors that have been on the increase. This underscores the incidence of oil theft, vandalism and militancy as well as deteriorating security conditions in the country coupled with the prevalence of flood which affected some oil assets in some parts of the country.

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Crude oil production declined during the period from 2.06million barrel per day to 2.05million barrel per day recorded at the end of March 31st 2013. Although, the decline was offset by the rise in crude oil prices at the international markets which averaged \$110.50 per barrel during the period

The Petroleum Industry Bill, which is reckoned to align the Oil and Gas sector with changing dynamics in the global oil industry, was laid before the National Assembly in July 2012. Nonetheless, the lingering contentious issues from stakeholders within the industry have thrown headwinds on the bill. The passage of the PIB now appears to be top priority for the government with hope that it will be passed soon.

The Performance of the Fund

The Fund moved from a loss position of ~~N~~45.81m in year 2012 to a Profit level of N32.11m after Tax in year 2013, representing a growth of 170.11% on the bottom-line. Deliberate steps and strategies adopted by the Fund Manager prevented the Fund from closing the year with another loss, considering the unimpressive performance of the Oil and Gas sub-sector in the Equities market. Specifically, stocks in this sub-sector witnessed a consistent downtrend as a result of huge sell-down activities as investors' sentiments stayed negative all through 2012. In addition, low yields on money market investments did little to improve the performance.

What Lies Ahead

The Fund is currently being restructured to enhance return to subscribers. Since inception, the Fund has been subjected to tax burdens not applicable to other mutual Funds. Consequently, a revised Supplemental Trust Deed has been submitted to the Securities and Exchange Commission for their approval. This is to take care of the above, while also amending the Asset Allocation structure and investment categories to diversify and enhance returns with robust risk management framework.

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Future Outlook

The Nigerian macroeconomic environment is expected to improve in 2013. With oil prices remaining strong, and investment inflows continuing, the CBN is expected to continue to support the Naira to restrict imported inflation and to avoid run down on foreign exchange reserves.

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The on-going reforms in the petroleum industry leading to the expected passage of the Petroleum Industry Bill (PIB) is expected to boost investments particularly in the upstream and midstream sectors, government revenue and fiscal transparency, while the GDP growth is expected to recover to above seven percent. A lot will however depend on the implementation of the Bill, with focus on ensuring clarity of roles, fiscal terms, attracting sustainable investment into the sector, particularly in the upstream and midstream, articulating incentives for growth in indigenous participation and establishing a clearer governance structure for industry.

The stock market is expected to bode well in terms of performance and returns following recent positive sentiments which have impacted on quoted companies with declining yields on fixed income instruments and Treasuries. As such, the Fund is expected to benefit immensely to give better returns to unit holders.

BY ORDER OF THE MANAGER

.....

Mrs. Adetola Fasuyi

Sterling Capital Markets Limited

19th Floor NSE Building

2-4 Custom Street, Marina

Lagos

September 30, 2013

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DIRECTORS AND PARTIES TO THE FUND

The following were the Directors and parties to the Fund during the year ended March 31, 2013

S/N	NAME	POSITION
1	Yemi Idowu	Chairman
2	Gaventa Otono	Managing Director/CEO
3	Chief O. C. Harry	Director
4	Captain Harrison A. Kuti	Director

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Office Address:

19th Floor NSE Building,
2-4 Custom Street, Marina,
Lagos.

Parties to the Fund:

UBA Trustees Limited	- Trustees
Sterling Capital Markets Limited	- Manager
Sterling Registrars Limited	- Registrar
UBA Plc	- Agent Bank
UBA Global Investor Services	- Custodian
Emeka Ifezulike & Co.	- Auditors

NIGERIA ENERGY SECTOR FUND

STATEMENT OF FUND MANAGER'S RESPONSIBILITY IN RELATION TO THE FINANCIAL YEAR ENDED 31 MARCH, 2013.

The Fund Manager accepts the responsibility for the preparation of the annual financial statements set out on pages 14 to 24 that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the provisions of the Companies and Allied Matters Act of Nigeria, CAP C20 LFN 2004 as amended.

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The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, CAP C20 LFN 2004 as amended and for such internal control as the Fund Manager determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and has no reason to believe that the Fund will not remain a going concern in the years ahead.

SIGNED ON BEHALF OF THE FUND MANAGER BY:

.....
Mr. Gaventa Otono
Managing Director
FRC/2013/IODN/5194

September 30, 2013

.....
Mr. Toyin Oluwatuyi
Company Secretary
FRC/2013/NBA/5087

September 30, 2013

NIGERIA ENERGY SECTOR FUND

REPORT OF THE INDEPENDENT AUDITORS

TO NOTE HOLDERS OF NIGERIA ENERGY SECTOR FUND

Report on the Financial Statements

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We have audited the accompanying financial statements of **NIGERIA ENERGY SECTOR FUND** for the year ended March 31 2013, set out on page 14 which has been prepared on the basis of significant accounting policies on page 12 to 13 and other explanatory notes on pages 18 to 25.

Fund Manager's Responsibility for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards adopted by the Financial Reporting Council of Nigeria and the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Basis of opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

AUDITORS' REPORT CONT'D.

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements. Page | 13

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the Fund; and

Opinion

In our opinion, the financial statements give a true and fair view of the Fund financial position as at March 31, 2013 in accordance with the International Financial Reporting Standards adopted by the Financial Reporting Council of Nigeria and the Companies and Allied Matters Act, CAP C20 LFN, 2004



Lagos, Nigeria

Mr. Chukwuemeka Ifezulike FCA

September 30, 2013

for: Emeka Ifezulike & Co.

FRC/2014/ICAN/7466

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH, 2013

The Fund adopted the following significant accounting policies in the presentation of these financial statements.

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1. **BASIS OF ACCOUNTING:** The financial statements are prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the Financial Reporting Council and the requirements of the Companies and Allied Matters Act, LFN CAP C20, 2004 as amended.

The financial statements are prepared under the fair value concept as required by the International Accounting Standard (IAS 39).

2. **INCOME RECOGNITION:** Dividend income is recognised when the Fund's right to receive payment is established.

Interest income on money market investment is recognised on an accrual basis.

Trading income: Realized and unrealized gains and losses from trading and holding of trading securities are recognised in the statement of comprehensive income.

3. **INVESTMENTS:** Investments transactions are recorded on the date of trade and are recognised in the financial statements at fair value, which are determined as follows:

- **Fixed income securities** are valued at principal value plus any accrued but unpaid interest.
- **Equity securities** are valued at market price ruling on the date of the financial statements as quoted on the Nigeria Stock Exchange.
- **Transactions cost** of equities is treated as part of investment cost.
- **Unrealised appreciation or depreciation** due to increase or decrease in carrying value of investment is included as part of net gain or loss in the statement of comprehensive income.

Realised surplus or deficit on sale of investments is included in the statement of comprehensive income when the related transactions are affected.

4. **CASH AND CASH EQUIVALENTS:** Cash and cash equivalents comprise the Fund's cash deposited with banks in Nigeria.
5. **MANAGEMENT FEE EXPENSES:** Management fee is an asset based fee which is chargeable at 0.375% per quarter of the Fund's net assets.

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6. OTHER LIABILITIES:

Other liabilities are stated at cost where such liabilities are not due beyond one year.

7. TAXATION:

The Fund is exempt from capital gains tax as stipulated by CITA. The Fund incurs withholding tax on dividend income which is regarded as final tax.

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8. RECEIVABLES:

Receivables are stated net of allowance for bad and doubtful receivables and are determined based on the age of receivables.

9. SEGMENT REPORTING:

A segment is a distinguishable component of an entity that is engaged in either providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and reward that are different from those other segments.

10. COUPON:

The Trust Deed provides coupon to be paid annually. Coupon payable is computed at 75% of the net income of the Fund after tax and payable only from the net income for the year.

NIGERIA ENERGY SECTOR FUND**STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2013

	NOTE	2013 N'000	2012 N'000
NON CURRENT ASSETS		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Cash and cash equivalents	1	161,856	16,212
Investments	2	847,481	1,009,407
Other assets	3	<u>-</u>	<u>391</u>
Total current assets		<u>1,009,337</u>	<u>1,026,010</u>
TOTAL ASSETS		<u>1,009,337</u>	<u>1,026,010</u>
CURRENT LIABILITIES			
Other liabilities	4	98,148	122,849
Tax payable	5	<u>-</u>	<u>-</u>
Total current liabilities		<u>98,148</u>	<u>122,849</u>
NON CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>98,148</u>	<u>122,849</u>
NOTE HOLDERS' EQUITY & RESERVES			
Note holders' equity	6	745,950	745,950
Retained earnings	7	<u>165,239</u>	<u>157,211</u>
Total note holders' equity & reserves		<u>911,189</u>	<u>903,161</u>
TOTAL LIABILITIES, EQUITY AND RESERVES		<u>1,009,337</u>	<u>1,026,010</u>

These financial statements were approved on September 30, 2013 and signed by:

.....
Tokunbo Ajayi
 Trustee
 FRC/2014/NBA/8349

.....
Mr. Gaventa Otono
 Fund Manager (Director)
 FRC/2013/IODN/5194

.....
Mr. Olayiwola Adeyemi
 Fund Manager (Accountant)
 FRC/2013/ICAN/5089

The accompanying notes and statement of significant accounting policies form an integral part of these financial statements.

NIGERIA ENERGY SECTOR FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2013

	NOTE	2013 N'000	2012 N'000
Interest Income		78,279	118,299
Dividend income		610	6,010
Investment income/(loss)	8	(27,925)	(149,491)
Other income		-	795
Net income/loss		<u>50,964</u>	<u>(24,387)</u>
Management fees		(12,950)	(14,295)
Registrar's fees		(460)	(526)
Trustees' fees		(504)	(503)
Custodian fees		(768)	-
Auditors' fee		(788)	(788)
Other expenses	9	<u>(539)</u>	<u>(2,665)</u>
Operating expenses		<u>(16,009)</u>	<u>(18,777)</u>
Net return from operations		34,955	(43,164)
Tax provision		<u>(2,841)</u>	<u>(2,642)</u>
Net income after tax		<u>32,114</u>	<u>(45,806)</u>
Appropriations:			
Coupon to note holders		24,086	-
Transferred to retained earnings		<u>8,028</u>	<u>(45,806)</u>
		<u>32,114</u>	<u>(45,806)</u>

The accompanying notes and statement of significant accounting policies form an integral part of these financial statements.

NIGERIA ENERGY SECTOR FUND

STATEMENT OF CHANGES IN EQUITY

AS AT MARCH 31, 2013

	Share Capital N'000	Retained Earnings N'000	Total attributable to note holders of the parent N'000	Non controlling interest N'000	Total equity N'000
Balance b/f @ 1/4/2011	745,950	203,017	948,967	-	948,967
(Loss) for the year	-	(45,806)	(45,806)	-	(45,806)
Balance c/f @31/3/2012	<u>745,950</u>	<u>157,211</u>	<u>903,161</u>	<u>-</u>	<u>903,161</u>
Balance b/f @ 1/4/2012	745,950	157,211	903,161	-	903,161
Profit for the year	-	8,028	8,028	-	8,028
Balance c/f @31/3/2013	<u>745,950</u>	<u>165,239</u>	<u>911,189</u>	<u>-</u>	<u>911,189</u>

The accompanying notes and statement of significant accounting policies form an integral part of these financial statements.

NIGERIA ENERGY SECTOR FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2013

		2013 N'000	2012 N'000
OPERATING ACTIVITIES:			
Net cash flow from operating activities before changes in operating assets	10	38,245	100,919
Changes in operating assets	11	(440,979)	(67,588)
Tax paid		<u>(2,841)</u>	<u>(101,942)</u>
Net cash flow from operating activities		<u>(405,575)</u>	<u>(68,611)</u>
INVESTING ACTIVITIES:			
Dividend received		549	5,409
Proceeds on disposal of investments		<u>550,670</u>	<u>30,563</u>
Net cash flow from investing activities		<u>551,219</u>	<u>35,972</u>
FINANCING ACTIVITIES:			
Net cash flow for the year		145,644	(32,639)
Cash and cash equivalents @ 1/4/2012		<u>16,212</u>	<u>48,851</u>
Cash and cash equivalents @ 31/3/2013		<u>161,856</u>	<u>16,212</u>
Cash and Cash equivalents comprised:			
Sterling Bank Plc		113	7,097
UBA Account 1		161,743	9,021
UBA Account 2		<u>-</u>	<u>94</u>
Total		<u>161,856</u>	<u>16,212</u>

The accompanying notes and statement of significant accounting policies form an integral part of these financial statements.

NIGERIA ENERGY SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. CASH AND CASH EQUIVALENTS:

	2013	2012
	N'000	N'000
Sterling Bank Plc	113	7,097
UBA Account 1	161,743	9,021
UBA Account 2	-	94
	<u>161,856</u>	<u>16,212</u>

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2. INVESTMENTS:

	2013	2012
	N'000	N'000
Deposit for Equity Investment	48,000	-
Equity securities (see note 2B)	50,359	155,663
Fixed income securities	<u>749,122</u>	<u>853,744</u>
	<u>847,481</u>	<u>1,009,407</u>

B.MOVEMENT IN EQUITY SECURITIES:

	2013	2012
	N'000	N'000
Balance @ 1/4/2012	155,663	222,034
Additions	473,290	113,684
Disposals	<u>(576,866)</u>	<u>(47,618)</u>
Net investment in equities	52,087	288,100
Unrealised (loss)	<u>(1,728)</u>	<u>(132,437)</u>
Balance @31/3/2013	<u>50,359</u>	<u>155,663</u>

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3. OTHER ASSETS:

	2013	2012
	N'000	N'000
Sundry debtors	<u>-</u>	<u>391</u>

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4. OTHER LIABILITIES

	2013	2012
	N'000	N'000
Sterling Capital Markets Limited	20,438	7,488
Sterling Registrars Limited	62	125
AGM expenses payable	1,079	1,079
Coupon payable	60,116	87,309
NSE fee payable account	1,295	1,476
Custodian fee payable account	490	-
Trustees fee payable account	407	403
Audit fee payable	750	750
Withholding tax payable	12,986	12,890
Deferred income	-	10,854
Tax consultancy payable	<u>525</u>	<u>475</u>
	<u>98,148</u>	<u>122,849</u>

NIGERIA ENERGY SECTOR FUND

5. TAX PAYABLE

	2013 N'000	2012 N'000
Balance @1/4/2012	-	101,942
Charge for the year (see note 5A)	2,841	2,642
Payment during the year-Corporate tax	-	(101,942)
-Withholding tax	<u>(2,841)</u>	<u>(2,642)</u>
Balance @ 31/3/2013	<u>-</u>	<u>-</u>

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A. TAX CHARGE FOR THE YEAR:

	2013 N'000	2012 N'000
Withholding tax	<u>2,841</u>	<u>2,642</u>

The Fund is exempt from capital gains tax as stipulated by CITA. The Fund incurs withholding tax on dividend income which is regarded as final tax.

6. NOTE HOLDERS' EQUITY:

	2013 N'000	2012 N'000
Authorised:2,500,000 Notes of N1,000 each (2012:2,500,000)	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid:745,950 notes of N1,000 each (2012:745,950)	<u>745,950</u>	<u>745,950</u>

NIGERIA ENERGY SECTOR FUND

7. RETAINED EARNINGS

	2013	2012
	N'000	N'000
Balance @1/4/2012	141,818	203,017
Transfer from statement of comprehensive income	<u>7,948</u>	<u>(45,806)</u>
Balance @31/3/2013	<u>149,326</u>	<u>157,211</u>

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8. INVESTMENT INCOME/(LOSS):

	2013	2012
	N'000	N'000
(Loss)/Gain on sale/valuation of investments	(28,805)	(132,437)
(Loss)/Gain on trading securities	<u>880</u>	<u>(17,055)</u>
	<u>(27,925)</u>	<u>(149,492)</u>

9. OTHER OPERATING EXPENSES:

	2013	2012
	N'000	N'000
AGM expenses	-	1,200
Bank charges	239	120
Tax Consultancy/Other expenses	<u>300</u>	<u>1,345</u>
	<u>539</u>	<u>2,665</u>

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10. CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES

IN OPERATING ASSETS:

	2013	2012
	N'000	N'000
Net return after tax	8,028	(45,806)
Tax	<u>2,841</u>	<u>2,642</u>
	10,869	(43,164)

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Adjustments to reconcile net Income before tax to net cash flow from operating activities:

-Unrealised loss/(gain) on valuation of investment	28,805	132,437
-(Gain)/Loss on disposal of investments	(880)	17,055
-Dividend income	<u>(549)</u>	<u>(5,409)</u>
	<u>38,245</u>	<u>100,919</u>

11. CHANGES IN OPERATING ASSETS:

	2013	2012
	N'000	N'000
(Increase)/decrease in investments	(416,669)	(93,508)
(Increase)/decrease in other assets	391	84,899
Increase/(decrease) in other liabilities	<u>(24,701)</u>	<u>(58,979)</u>
	<u>(440,979)</u>	<u>(67,588)</u>

12. COUPON:

The Trust Deed provides for coupon to be paid annually. Coupon payable is computed at 75% of the net income of the Fund after tax and is payable exclusively from the net income after tax.

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13. CONTINGENT LIABILITIES, LITIGATION AND CLAIMS:

There was no outstanding litigation or claim against the Fund or any other contingent liability as at March 31, 2013. **(2012: Nil)**

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14. SEGMENT REPORTING:

Nigeria is the Fund's primary geographical segment as all the Fund's income is derived in Nigeria. The Fund does not have business units or divisions and runs a single line of business. Accordingly, no further business or geographical segment information is presented.

15. POST BALANCE SHEET EVENT:

There was no post balance sheet event requiring disclosure in, or adjustment of these financial statements.