

Cash Conundrum

[Exhibit A: Letter from Francesco Romano, to Lucia Lorenzo, Business Advisor, Dated 20th May 2008]

An Introduction:

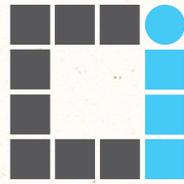
Dear Lucia,

I trust this letter finds you well. As we stand at a pivotal juncture for our conglomerate, I am reaching out to enlist your expertise in a matter of significant importance. With our conglomerate poised for strategic expansion through acquisition, I am eager to hear about your valuable opportunity that has come across my table.

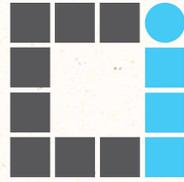
Our conglomerate is primed for growth. With ample cash reserves at our disposal and a noticeable dearth of organic growth opportunities within our existing industries, the prospect of acquiring external entities has become increasingly appealing. In particular, we are keen on exploring opportunities for synergy-building within the Republic of Nigeria, where our conglomerate has a strong foothold.

My team of analysts has meticulously identified three companies ripe for acquisition. These companies not only exhibit strong financial viability but, more importantly, offer synergies that seamlessly align with our existing portfolio. Moreover, their financial assessments indicate feasibility within our conglomerate's capabilities, making them prime candidates for consideration.

As our trusted advisor, your role is pivotal in discerning the most suitable target company from this select pool and crafting a comprehensive preliminary valuation. This valuation will lay the foundation for initiating discussions with the chosen target, potentially catalyzing a transformative move for our conglomerate.



- The three businesses constituting our conglomerate are:
- **Romano Logistics:** An integrated logistics solution for port management. Romano Logistics holds significant stakes in several key port facilities across Africa. The company facilitates international trade by managing container handling, warehousing, and distribution activities. They also own and operate their own port in Africa, serving the growing demands of global commerce. Romano Logistics operates as a smaller player in Nigeria's trucking sector, offering a diverse range of transportation services.
- **Romano Pharma:** A prominent manufacturer specializing in insulin production at competitive costs. The company manufactures fenfluramine pens, catering to patients with neurological conditions, thereby expanding its product portfolio to serve diverse healthcare needs. With a focus on innovation and efficiency, Romano Pharma strives to remain at the forefront of the pharmaceutical industry in Mexico.
- **Romano Energy:** Controls vital Nigerian power generation and distribution assets across the continent. The company has substantial investments in key energy infrastructure. Romano's tenure at NEPA was marked by a commitment to innovation and progress. Recognizing the importance of diversification and sustainability, he led NEPA to venture into renewable energy sources such as wind and solar power. For the last two years, Romano energy has been actively participating as an IPP in the wind energy market.
- Your task involves formulating a preliminary valuation for the optimal target company through qualitative and quantitative analyses. Additionally, it is essential to assess the other two companies to highlight why they are deemed less optimal choices for acquisition.



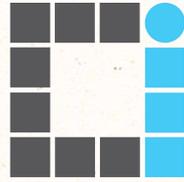
Please note, however, that all financial information provided is based on projections by my team of analysts. All target companies, being private firms, have created an asymmetry of information, as they do not release their information publicly. Both financial and non-financial data are not free from error. This adds a layer of further uncertainty.

Furthermore, your expertise is sought in conducting a thorough industry analysis to uncover opportunities, risks, and challenges within the landscape. Ascertaining a growth rate for the industry is imperative. Financial and non-financial measures must be analyzed and evaluated, to allocate our funds in the most optimal way.

I also urge you to devise a strategic acquisition plan. We aim to acquire a controlling stake in the chosen target company through Over the Counter (OTC) transactions, given that all three companies are private entities. Find opportunities to within the shareholding structure, and please advise an adequate premium on the valuation that you will provide.

Your insights will be instrumental in shaping our strategic decisions as we embark on this journey of expansion and growth. I eagerly await your recommendations and insights on this matter.

Regards,
Francesco Romano II.



[Exhibit B: AeroKinetic Ventures, preliminary research report, April 2008.]



AeroKinetic Ventures

Company Brief:

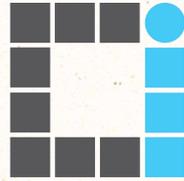
AeroKinetic Ventures Ltd., is a Nigerian wind energy solutions provider, established in 2002. Leveraging state-of-the-art manufacturing facilities strategically located across Nigeria, including Kano, and Port Harcourt. AeroKinetic Ventures is at the forefront of the wind energy industry in the region. Their fully integrated approach includes in-house production of critical components such as hubs, nacelles, blades, and towers.

AeroKinetic Ventures is an integrated wind energy solutions provider. They are one of the largest manufacturers of Wind Turbine Generators (WTG) in Nigeria. They supply key components of the WTG along with associated and auxiliary components and offer wind farm projects on a turnkey basis across Nigeria through their wholly-owned subsidiaries – AeroKinetic Wind Infrastructure Services Limited.

AeroKinetic venture's durable competitive advantage is its license to manufacture. With a special purpose license to manufacture from the Nigerian Government, AeroKinetic ventures are the sole manufacturer of wind Turbines and Turbine components. This makes them a potential long lasting Nigerian Monopoly.

Their services include wind resource assessment, site acquisition, infrastructure development, erection and commissioning, and long-term operation and maintenance of wind power projects amongst other services.

They have a strong current order book from various esteemed customers including the Nigerian central government, IPPs, PSUs, and American and European MNC's in South Africa. They have Manufacturing Sites in Kano and Port Harcourt.



Product description:

- **Nacelles and Hubs:**

A nacelle houses all of the generating components in a Wind Turbine, including the generator, gearbox, drivetrain and brake assembly. The front face of the nacelle is coupled with a hub, which holds a set of blades. A set comprises 3 blades which capture kinetic energy of wind and the same is converted into electrical energy with the help of a shaft, gearbox and generator.

- **Rotor Blade Sets:**

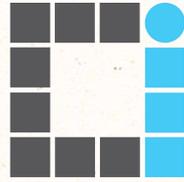
The AKV-2000 consists of a tailor made three-bladed upwind rotor. They produce multiple variants of rotor blades of 93.3 meters and 100 meters.

- **Towers:**

The AKV-2000 uses a conical tubular steel tower with internally welded flanges. Inside the tower is a ladder for accessing the nacelle, which is equipped with a climbing protection system. The tower contains working platforms at the flange connections in each tower section and is equipped with lighting systems.

Expansion plan:

Component	Location	% Revenue	Capacity (Units)	Expanded (Unit)
Nacelles and Hubs	Kano region plant	45%	341	341
Rotor Blade Cells	Port Harcourt	32%	259	337
Towers	Kano Region plant	23%	97	136



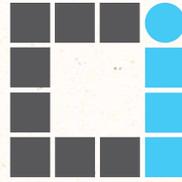
With a projected 30% growth in sales over the next 3 years in the Towers and Rotor blade and cells division, the existing plans in Kano and Harcourt are going to be expanded, increasing manufacturing capacity of these components by close to 35%.

Although currently loss making, AeroKinetic ventures is a target for multiple investors. It has featured in several news articles, and optimistic green tech blogs, as being the next potential new unicorn. The current investors of the company, Ghana National Petroleum Corp, Volta River Corp, and Takoradi International Company express keen interest in their long-term holding. The early entry into this futuristic space presents an opportunity to grow significantly. Several analysts pose this industry to grow at a staggering 13.65% CAGR.

“By 2030, AeroKinetic Ventures aims to become a global leader in wind turbine manufacturing, with our technology deployed across projects worldwide. I believe we are going to be a leader in not only global wind energy, but all renewable energy tech.” - Abedao Ubosi, founder and CEO.

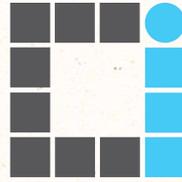
Key Features of AeroKinetic Ventures Ltd.:

1. **Advanced Technology:** Wind turbines are equipped with cutting-edge features such as Double-Fed Induction Generators (DFIGs), large rotor diameters for enhanced power generation, and patented integral drive trains for operational simplicity and efficiency.
2. **Geographical Presence:** Manufacturing facilities are strategically located near wind-rich regions across Nigeria, allowing us to capitalize on optimal wind speeds and provide efficient solutions tailored to local conditions.
3. **Robust Order Book:** AeroKinetic Ventures boasts a strong order book, with commitments totaling 765 (900) MW, including recent contracts from government agencies and private developers.
4. **Commitment to Sustainability:** AeroKinetic Ventures is dedicated to promoting clean energy and reducing carbon emissions, contributing to Nigeria's renewable energy goals and sustainable development.



Global Outlook:

- The US has surpassed Germany to become the number one market in wind power in terms of annual installations.
- China continues to grow, with its total capacity doubling for the fourth consecutive year.
- Despite concerns about the financial crisis affecting the pace of growth in the near term, the long-term outlook for the wind industry remains robust.
- The Global Wind Energy Council (GWEC) projects that global generating capacity will reach 332 GW by 2013, up from 120 GW at the end of 2008.
- Reductions in costs associated with wind energy are expected due to decreases in commodity prices, logistic costs, inventory, and project costs.
- Looking ahead, AeroKinetic Ventures sees the economic crisis reshaping the landscape of the business in the coming years. While the growth potential continues to be strong, order visibility may decrease from two years to one year, requiring companies to respond more flexibly to changing demand cycles. More countries will adopt wind power, with specific policies to encourage renewable energy technologies and those geared to drive against climate change.
- Major wind energy markets including China, the EU, India, and the United States have announced aggressive targets and policy support for renewable energy adoption, and many more countries around the world are following suit.



Shareholding pattern:

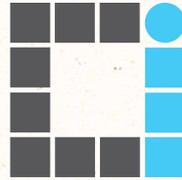
Holder	Stake %	Details
Federal Republic of Nigeria	15%	Early Stage, long term investors.
Promoters	20%	Founder, Abedab Ubosi.
Ghana National Petroleum Corp.	30%	Private Holder.
Volta River Corp.	15%	Private Holder.
Takoradi International Company	20%	Private Holder.

AeroKinetic Ventures

Profit and Loss statement

All figures in 000' Naira

Particulars	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Sales	2,85,950.40	8,83,429.05	4,67,516.85	4,37,098.95	3,84,141.30	4,53,224.25
Expenses	3,36,774.00	7,91,578.80	5,39,090.55	5,54,705.40	5,68,930.35	6,13,714.65
Operating Profit	-50,823.60	91,850.25	-71,573.70	-1,17,606.45	-1,84,789.05	-1,60,490.40
Other Income	15,774.75	14,274.15	6,543.60	46,524.75	11,562.00	11,457.45
Depreciation	32,146.05	40,626.90	49,384.50	54,138.45	54,532.05	65,288.40
Interest	1,05,300.30	1,03,695.15	1,49,918.55	1,57,120.20	1,73,854.35	2,09,536.65
Profit before tax	-1,72,495.20	-38,197.65	-2,64,333.15	-2,82,340.35	-4,01,613.45	-4,23,858.00
Tax	-	-	-	-	-	-
Net profit	-1,72,495.20	-38,197.65	-2,64,333.15	-2,82,340.35	-4,01,613.45	-4,23,858.00



AeroKinetic Ventures

Balance Sheet

All figures in 000' Naira

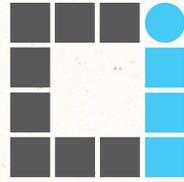
Particulars	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Equity Share Capital	1,36,480.80	1,36,480.80	1,36,480.80	1,36,480.80	1,36,480.80	2,00,459.25
Reserves	10,96,151.40	10,71,914.25	9,00,187.80	6,72,828.45	4,23,261.45	8,67,371.40
Borrowings	6,52,871.70	8,02,673.40	6,89,236.65	9,63,323.70	10,57,271.10	14,85,913.80
Other Liabilities	6,34,778.40	9,04,677.30	15,28,416.45	15,87,979.20	20,51,209.50	11,86,943.85
Total	25,20,282.30	29,15,745.75	32,54,321.70	33,60,612.15	36,68,222.85	37,40,688.30
Net Block	6,05,670.45	5,98,407.30	7,55,078.55	7,32,735.60	8,26,166.40	9,95,414.40
Capital Work in Progress	12,035.55	40,497.75	20,516.40	1,41,628.35	91,235.25	75,780.30
Investments	43.05	55,872.75	57,803.85	19,993.65	19,993.65	492.00
Other Assets	19,02,533.25	22,20,967.95	24,20,922.90	24,66,254.55	27,30,827.55	26,69,001.60
Total	25,20,282.30	29,15,745.75	32,54,321.70	33,60,612.15	36,68,222.85	37,40,688.30
Working Capital	12,67,754.85	13,16,290.65	8,92,506.45	8,78,275.35	6,79,618.05	14,82,057.75
Debtors	8,23,282.05	10,02,357.75	8,13,226.80	6,44,802.90	6,59,968.80	5,08,666.50
Inventory	5,71,556.40	5,80,406.25	6,11,371.50	5,63,856.60	6,17,312.40	6,94,999.20

AeroKinetic Ventures

Statement of Cash Flows

All figures in 000' Naira

Particulars	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Cash from Operating Activity	1,65,656.40	90,411.15	4,50,758.10	-68,609.40	-2,91,977.40	-6,76,506.15
Cash from Investing Activity	2,04,469.05	-1,62,083.25	-2,12,630.10	-29,932.05	-45,307.05	1,41,819.00
Cash from Financing Activity	-4,67,695.20	46,869.15	-2,36,867.25	1,73,509.95	2,98,920.75	5,06,778.45
Net Cash Flow	-97,569.75	-24,802.95	1,260.75	74,968.50	-38,363.70	-27,908.70



[Exhibit B: AeroKinetic Ventures, preliminary research report, April 2008.]



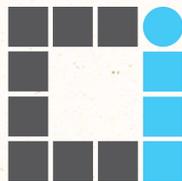
VantagePoint CRO

Company Brief:

VantagePoint CRO is a Nigerian clinical research organization that was founded in 1998 and specializes in conducting clinical studies on behalf of its pharmaceutical partners in order to accelerate and ensure the drug approval process of up-and-coming potential treatments.

Started by 4 of the leading scientists in the country as a partnership, the firm quickly grew to hold a major stake in the Nigerian medical research industry. With a strong professional record, and an impressive record of research, they stand at the forefront of contract research.

Their business model revolves around being a contract research organization specializing in drug manufacturing. They collaborate with both private pharmaceutical companies and government agencies on contractual basis to conduct research and development for new drugs. VantagePoint offers preclinical and clinical trials, regulatory consulting, and quality assurance to ensure the successful development and commercialization of pharmaceutical products.



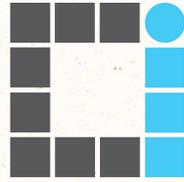
Summary of Services:

- Phase I: Support go/no-go decisions, safe dose selection, and regimen selection.
- Phase II: Determine optimal phase III dose and identify intrinsic/extrinsic factors.
- Phase III: Dial in dose modification for efficacy and safety
- Post-approval: Assess potential for drug interactions and support high quality regulatory packages.

Some clinical trial solutions offered:

1. Portfolio management and asset valuation

- a. Clinical pharmacology, modeling, and simulation with clinical pharmacokinetics (PK) and pharmacodynamics (PD) to derive valued data strategically and efficiently throughout development.
- b. Early insights into market access, informing the target product profile (TPP), clinical trial design, and label optimization by leveraging our understanding of prescriber treatment algorithms and market dynamics in therapeutic areas and indications.
- c. Global perspective for global products, understanding regulatory landscapes in various markets and advising on potential roadblocks, avoidance strategies, and asset value development.
- d. Strategic model-based drug development (MBDD) is designed to quickly identify promising new drug candidates that have a high chance of success through late-stage clinical trials.
- e. Bioanalytic and biostatistics in quantitative determination



Early Development and innovation:

1. Phase I

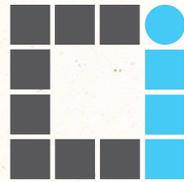
- During the trial, our team administers testing to investigate dosage, side effects, and other safety measures. We escalate the dose in a controlled fashion, dialing in how the drug interacts with the body to see if there are any side effects and if the drug is safe and ready to progress.
- 2 hospital-based clinics in Lagos and Abuja.

2. Phase IB-IIA

- Our adaptive pharmacology and proof of concept studies give you support for new clinical development no matter the therapeutic area. This range of knowledge makes us flexible enough to complement your capabilities with biostatistical know-how and clinical technologies for any development focus.
- Patient Engagement Strategy and Enrollment Solutions

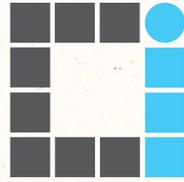
3. Phase II

- DNA variation
- RNA variation
- Microbiome
- Proteome
- Metabolome
- Bacterial/viral phylogeny
- Host-pathogen interactions.
- Mechanistic pathway analysis
- Genotype imputation
- Human genome sequencing
- Database mining



1. Involvement in Diabetes Research:

- While most companies developing menin inhibitors are developing them solely as cancer therapies, VantagePoint CRO – which looks to treat both cancer itself, and drivers of cancer – is going down a different route, developing a menin inhibitor not just for cancers, but also for type 1 and type 2 diabetes.
- This is because menin is thought to act as a brake on beta cell turnover – or beta cell growth – supporting the notion that inhibition of menin could lead to the regeneration of normal healthy beta cells – which are found in the pancreas and are responsible for the synthesis and secretion of insulin. In patients with diabetes, beta cell mass and function are diminished, leading to insufficient insulin secretion and hyperglycemia.
- In March of 2007, VantagePoint announced positive data regarding its phase 2 study of its lead drug candidate – known as VTP-2.0 – in patients with type 2 diabetes. The company released results from two groups of patients whose type 2 diabetes was poorly controlled despite using available medications. Trial participants who took the drug on an empty stomach showed an 89% response rate, with 56% achieving a reduction of at least 1% in a blood sugar measurement known as A1C, which was significant, as the company had previously said that a reduction of around 0.3% would be considered a positive result.
- More recently, in October, VantagePoint also announced that the NAFDAC had cleared its investigational new drug (IND) application to study BMF-219 in adults with type 1 diabetes.



1. Global Outlook

- a. According to research consensus, the global diabetes drug market size was estimated at \$61.87 billion in 2020, and is projected to hit around \$118 billion by 2030, growing at a compound annual growth rate (CAGR) of 6.67%.
- b. With this in mind, the diabetes market is likely to grow even more crowded, and, just within the last few months, we have already seen the demand for diabetes and obesity drugs begin to skyrocket.
- c. This will inevitably lead to more and more biotech companies looking to make their name developing innovative – and more effective – approaches to tackling diabetes.

1. Shareholding pattern:

Partnership firm with 4 profit sharing partners.

Partners	Stake %	Details.
Chinedu Okonkwo	25%	Long term.
Aisha Abdullahi	25%	Long term.
Olufemi Adeyemi	25%	Closing retirement.
Ifeoma Nwosu	25%	Long term.

VantagePoint CRO

Profit and Loss statement

All figures in 000' Naira

Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Sales	688436.24	778970.61	869587.94	1059410.18	963589.55	894538.16	937860.36	924940.56	1000734.28	1015141.26
Expenses	504537.71	557897.46	644437.67	784791.23	771591.44	738334.24	794217.56	768360.88	987386.26	910186.49
Operating Profit	183898.53	221073.15	225155.27	274618.95	191998.11	156203.92	143642.80	156579.68	13348.02	104954.77
Other Income	6376.94	14346.59	11246.57	6462.95	-79939.28	5565.64	-8190.47	8394.82	12837.45	9205.51
Depreciation	15919.17	26516.70	29714.93	55646.03	66238.07	51609.05	59183.42	54132.01	101181.31	53722.09
Interest	1625.65	590.41	3627.67	9304.33	12465.35	18451.89	22141.78	8579.04	8708.97	16732.30
Profit before tax	172730.65	208304.63	203059.24	216131.54	33355.41	91708.62	54127.13	102263.45	-83704.81	43705.89
Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit	172730.65	208304.63	203059.24	216131.54	33355.41	91708.62	54127.13	102263.45	-83704.81	43705.89

VantagePoint CRO

Balance Sheet

All figures in 000' Naira

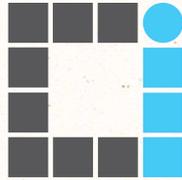
Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Equity Share Capital	5470.48	5483.90	5497.32	5509.52	5515.62	5520.50	5526.60	5535.14	5544.90	5551.00
Reserves	417355.29	625659.92	828719.16	1044850.70	1078206.11	1169914.73	1224041.86	1326305.31	1242600.50	1286306.39
Borrowings	39878.14	32764.32	437828.72	485931.49	435710.80	518260.27	384624.52	312873.88	253661.18	277032.72
Other Liabilities	155544.51	222183.96	241394.69	289674.97	333299.39	330790.19	364018.72	274378.61	325730.24	353449.86
Total	618248.42	886092.10	1513439.89	1825966.68	1842731.92	2024485.69	1978211.70	1919092.94	1827536.82	1922339.97
Net Block	204691.60	356285.75	684985.47	900017.18	887602.46	1013448.51	949054.47	970575.27	957074.75	1041192.53
Capital Work in Progress	18551.32	35134.17	164846.40	130116.66	158490.20	100022.31	57316.82	65041.86	69923.08	75517.39
Investments	10886.67	101162.40	997.35	130303.93	15955.77	140024.89	144833.52	149747.68	54900.00	31530.90
Other Assets	384118.83	393509.78	662610.67	665528.91	780683.49	770989.98	827006.89	733728.13	74638.99	774099.15
Total	618248.42	886092.10	1513439.89	1825966.68	1842731.92	2024485.69	1978211.70	1919092.94	1827536.82	1922339.97

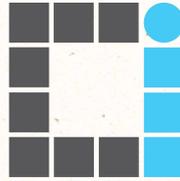
VantagePoint CRO

Statement of Cash Flows

All figures in 000' Naira

Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Cash from Operating Activity	122239.73	166716.05	-23325.79	260924.11	106822.59	101624.17	89599.24	111127.36	22405.91	115731.64
Cash from Investing Activity	-51918.93	-63095.35	2898.63	-154173.84	28662.07	-200230.67	67526.39	-75614.38	78826.03	-78492.97
Cash from Financing Activity	-52283.71	-12010.29	116019.18	26423.98	-91017.49	45391.93	-54325.38	-115001.47	-95911.52	20572.25
Net Cash Flow	18037.09	91610.41	95592.02	123174.25	44467.17	-53214.57	102800.25	-79488.49	5320.42	57810.92





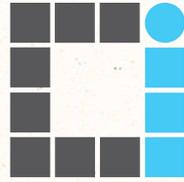
[Exhibit D: Anchor Trucking, preliminary research report, April 2008]



Anchor Trucking

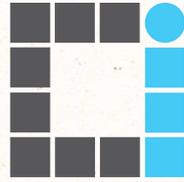
Company Brief:

1. Anchor Trucking is a Nigerian logistics company specializing in long-haul trucking and last-mile connectivity. With a fleet of flatbed trucks, refrigerated trucks, straight trucks, tanker trucks, semi-trailer trucks, box trucks, and tail lift trucks, Anchor Trucking efficiently serves the transportation needs across Nigeria. With a large clientele and a reputation as the most trusted trucking company in the country, Anchor Trucking serves some of the biggest manufacturers, ensuring reliable and efficient transportation services.
2. Anchor Trucking specializes in providing comprehensive logistics solutions tailored to meet the diverse needs of businesses across Nigeria. Their core offering, General Cargo Transportation, forms the backbone of operations, facilitating the efficient movement of consignments of various sizes and weights on a Less than Truckload basis.



1. Horizontal Services Offerings:

1. They offer door-to-door Full Truckload Services, wherein goods are loaded onto their vehicles at the customer's premises and delivered to the specified destination. This service is commonly utilized by manufacturers with large quantities of goods to transport, offered at a predetermined price. Generally, Anchor Engineering offers FTL services to optimize vehicle capacity utilization or to customers offering attractive margins. The company maintains a network of independent brokerage agents who have partnered with them for several years, complementing their branch network by expanding access to customers in need of FTL service.
2. In addition to General Cargo services, the Priority Cargo division focuses on expedited door-to-door delivery, catering to time-sensitive shipments with precision and reliability. Anchor operates seamlessly across Nigeria, serving 36 states and the Federal Capital Territory, covering all major cities and towns.
3. Apart from long-haul trucking and last-mile connectivity, Anchor Trucking may offer a range of services such as warehousing, freight forwarding, and supply chain management to cater to the diverse needs of its clients. Anchor Trucking employs their high-profile clients and best practices in fleet management to ensure optimal performance and safety.
4. Anchor has a connection of over 200 service points and a fleet of over 415 vehicles, and it operates through a network of branches, hubs, and warehouses located in major cities across the nation. In addition to its main express delivery and supply chain services, the company also offers e-commerce fulfillment solutions, cold chain solutions, and transportation solutions for the healthcare, retail, and automotive industries.
5. Accurate and effective administration of the inventory within the warehouses is made possible by barcode scanning, and inventory tracking systems. This facilitates quicker order fulfillment and lowers logistical error rates.

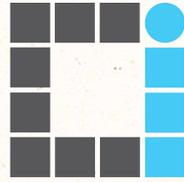


Vertical Service Offerings:

1. Contract Logistics – customized solutions for managing the entire supply chain process, from sourcing to procurement to production, distribution and furthermore.
2. Warehousing & Distribution – storage and distribution services, including cross-docking, order fulfillment, and inventory management.
3. Transportation Management – Planning and execution of transportation services, including air, sea and ground transportation as well as intermodal solutions.
4. Value-added Service – A wide range of services that add value to the supply chain process, including packaging, labeling, kitting and assembly.

Global Outlook:

1. Sales are rising, but the average price of a gallon of diesel is at a two-year high, and the trucking industry and the economy as a whole are still recovering from high inflation rates. As of 2008, the industry is still finding its footing as the prices of inputs soar.
2. Executives were worried that sweeping new safety and environmental regulations would limit new entrants into trucking and discourage expansion of other companies.
3. Driver turnover is increasing, and experts say the primary reasons were higher freight volumes and tighter regulations. Industrywide, the economy is slowly growing, allowing fleets to put trucks back on the road and carriers to raise freight rates.
4. A new hours-of-service rule was under debate in Nigeria, and Regarding safety, the Department of Transportation implemented the Compliance, Safety, and Accountability system, which limited services.
5. With a CAGR of 4.9% per annum since the last decade, the industry is growing far below the GDP growth rate, owing to increasing cost of input, both fixed and variable, without a proportional increase in pricing power.



Shareholding pattern

1. Anchor Trucking is a family-owned corporation. With 4 directors, who are all related parties.
2. Mr. Adeolu Adeyemi founded the business in 1997.
3. Adeolu's son, Tunde, and daughter, Ngozi, comprise the board, holding 36% stake together. Adeolu's wife, Funmilayo, also holds a board seat.
4. Despite the familial bond, Ngozi desires to disinvest and sell her stake in the company, as she believes that it is time for the family to cash out of the business. Tunde remains steadfast in his ambition to continue running the firm.

Holder	Ownership %
Adeolu Adeyemi	42%
Funmilayo Adeyemi	22%
Tunde Adeyemi	18%
Ngozi Adeyemi	18%

Anchor Trucking Profit and Loss Statement

All figures in 000' Naira

Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Sales	5,52,702.30	6,18,947.10	6,37,332.40	6,67,143.30	7,11,258.40	7,80,529.80	7,83,859.80	6,52,280.40	8,00,517.20	9,79,952.40
Expenses	4,75,487.00	5,16,360.90	5,36,851.50	5,85,909.80	6,24,375.00	6,89,939.00	6,71,642.50	5,60,494.50	6,61,408.30	8,30,539.00
Operating Profit	77,215.30	1,02,586.20	1,00,480.90	81,233.50	86,883.40	90,590.80	1,12,217.30	91,785.90	1,39,108.90	1,49,413.40
Other Income	5,860.80	2,926.70	3,145.00	3,170.90	5,265.10	2,800.90	2,175.60	4,758.20	7,664.90	63,318.10
Depreciation	32,049.40	32,434.20	33,189.00	36,326.60	36,123.10	37,214.60	61,986.10	59,122.30	53,465.00	58,861.80
Interest	22,625.50	22,055.70	11,980.60	9,116.80	4,451.10	4,199.50	13,808.40	13,838.00	16,124.60	20,805.10
Profit before tax	28,401.20	51,023.00	56,456.30	38,961.00	51,574.30	51,977.60	38,598.40	23,583.80	77,204.20	1,33,044.60
Tax	7,307.50	17,271.60	19,891.20	12,867.10	17,323.40	17,967.20	5,254.00	6,907.90	17,963.50	13,460.60
Net profit	21,093.70	33,751.40	36,565.10	26,073.90	34,250.90	34,010.40	33,344.40	16,675.90	59,240.70	1,19,584.00

Anchor Trucking

Balance Sheet

All figures in 000' Naira

Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Equity/Share Capital	31,649.80	31,649.80	33,758.80	33,758.80	33,425.80	33,425.80	33,425.80	32,685.80	32,685.80	32,685.80
Reserves	81,718.20	1,00,140.50	1,56,391.60	1,66,496.30	1,86,065.60	2,05,568.30	1,94,816.10	1,88,256.00	2,08,417.30	3,26,375.00
Borrowings	1,87,023.90	1,64,039.50	96,925.20	68,327.90	30,032.90	52,051.60	1,68,139.10	1,56,051.20	1,98,542.00	2,66,296.40
Other Liabilities	61,349.70	56,820.90	61,357.10	63,188.60	69,515.60	70,747.70	56,946.70	66,481.60	71,058.50	72,579.20
Total	3,61,741.60	3,52,650.70	3,48,432.70	3,31,771.60	3,19,039.90	3,61,793.40	4,53,327.70	4,43,474.60	5,10,703.60	6,99,936.40
Net Block	2,73,925.80	2,61,538.20	2,63,495.50	2,56,735.60	2,31,235.20	2,60,868.50	3,66,418.40	3,53,109.50	4,06,256.30	5,48,417.70
Capital Work in Progress	5,194.80	3,355.90	6,005.10	6,54.90	2,826.80	15,406.80	1,624.30	2,249.60	12,942.60	14,196.90
Investments	40.70	40.70	999.00	22.20	22.20	22.20	22.20	18.50	18.50	5,575.90
Other Assets	82,580.30	87,715.90	77,933.10	74,358.90	84,955.70	85,495.90	85,262.80	88,097.00	91,466.20	1,31,745.90
Total	3,61,741.60	3,52,650.70	3,48,432.70	3,31,771.60	3,19,039.90	3,61,793.40	4,53,327.70	4,43,474.60	5,10,703.60	6,99,936.40
Working Capital	21,230.60	30,895.00	16,576.00	11,170.30	15,440.10	14,748.20	28,316.10	21,615.40	20,427.70	59,166.70
Debtors	29,585.20	33,366.60	27,017.40	27,905.40	29,877.50	29,426.10	31,683.10	23,657.80	24,886.20	30,225.30
Inventory	4,987.60	5,550.00	6,782.10	6,778.40	8,928.10	11,026.00	10,829.90	14,618.70	16,968.20	19,532.30

Anchor Trucking

Statement of Cash Flows

All figures in 000' Naira

Particulars	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08
Cash from Operating Activity	75,206.20	87,053.60	97,754.00	73,252.60	76,027.60	71,110.30	95,193.60	1,00,499.40	1,37,181.20	1,17,785.80
Cash from Investing Activity	-33,695.90	-18,152.20	-39,664.00	-21,859.60	-16,361.40	-77,385.50	-43,863.50	-11,658.70	-66,648.10	-53,450.20
Cash from Financing Activity	-41,377.10	-68,335.30	-57,416.60	-53,916.40	-57,091.00	4,084.80	-51,219.10	-86,713.20	-74,277.50	-63,236.70
Net Cash Flow	133.20	566.10	673.40	-2,523.40	2,575.20	-2,190.40	111.00	2,127.50	-3,744.40	1,098.90