First Securities Discount House Limited
and subsidiary companies

Group Financial Statements – 31 December 2009

Together with Directors' and Auditor's Reports

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CHAIRMAN'S STATEMENT

Distinguished stakeholders, it is with great pleasure that I welcome you all to the 18th Annual General Meeting of our Company, First Securities Discount House Group.

I am happy to present to you the report and accounts of the Group for the last accounting period which covered the six months to December 31, 2009. This is as a result of the Central Bank of Nigeria (CBN) endorsement of the Bankers' Committee agreement for all Deposit Money Banks and Discount Houses to observe December 31 as a uniform year end from 2009.

Global Environment

The global economic crisis of the last eighteen months appeared to have eased off in the latter part of 2009. However, this optimism is being replaced with the pessimism of a double dip recession, as fears grow that governments and policy makers around the world might be forced (due to pressure or mistakes) to remove monetary and fiscal props, too soon. It was in this regard therefore, that the Group of Seven (G7) nations rightly concluded in their February 2010 gathering that it was too early to begin withdrawing their respective stimuli. Although, most developed economies are beginning to come out of recession, the situation is still delicate.

In 2010, the world economy is projected to grow at about 3.1%. If achieved, this will be a significant projected growth rate given the negative growth rate of 1.1% in 2009.

Domestic Economic Environment

In spite of the global economic contraction of 2009, Nigeria witnessed a measure of GDP growth. Our growth for Q4 in 2009 was about 8.23%; the average for the entire year however was about 6.9%. For Nigeria, the duration of the global contraction mattered more than the severity of the contraction. This is because the global contraction though severe was short-lived. The Nigerian growth was mainly driven by non- oil sectors - crops and trading, both of which are rigid and respond only with considerable long lags to global economic fluctuations. This is unlike the growth in western economies driven by manufacturing or services, which are flexible and readily respond with little or no lags to global economic cycles.

Operating Environment

The environment for obvious reasons was full of challenges as a result of an array of issues. The inflation rate (year-on-year) in December 2009, stood at 12%, a decrease of 3.1 percentage points from 15.10% when compared with inflation rate (year on year) in December, 2008. However, this inflation rate of 12% still fell short of the single digit target rate set at the beginning of the year.

In July 2009, The Monetary Policy Committee of the Central Bank reduced MPR from 8% to 6% and introduced an interest rate corridor of +/-2% around the MPR. By this, the Standing Lending Facility Rate (rate at which CBN lends to Banks and Discount Houses as bank of last resort) became 8% and remained so until the end of March 2010. On the other hand, the Standing Deposit Rate (rate at which Banks and Discount Houses place excess funds with the CBN) became 4%. However, this was reduced to 2% in November 2009 and further slashed to 1% in March 2010.
Crude oil production averaged 1.77 million barrels per day in 2009 compared with 1.95 million barrels per day in 2008. The reduced oil output put fiscal and external accounts of government under pressure. The revenue shortfall was offset by increase in domestic borrowing. The total amount borrowed via the issuance of Federal Government Bonds therefore grew by 44%, from a total of N494 billion in 2008 to N711.5 billion in 2009.

Similarly, External Reserves fell from US$64 billion in December 2008 to approximately US$42 billion in December 2009 and to US$40.50 billion at March 2010. However, Government's revenue situation is expected to improve this year as a result of the Niger Delta region amnesty programme and projected higher oil prices resulting from enhanced global demand arising from improved economic performance world-wide.

The appointment in June 2009 of the current Central Bank Governor started a chain of reforms in the banking industry that promises to have profound impact on the short to medium term. Starting from the special joint CBN/NDIC examination which focused on liquidity, capital adequacy and corporate governance, it was discovered that there was a staggering amount of concealed bad loans in the books of the banking industry. The CBN ordered that banks make immediate provision and publish their unaudited accounts for the quarter ended September 2009 with the loan losses included. Aggregate loan losses were approximately N2 trillion. Furthermore, it was discovered that 10 banks were in a grave situation, health wise, requiring external liquidity support to stay afloat. Consequently, the Central Bank invoked Sections 33 and 35 of the Banks and Other Financial Institutions Act 2004 by removing the executive directors of 8 of the banks and immediately appointing new executive directors. The executive directors of the other 2 banks were spared (one was adjudged to have insufficient capital but healthy liquidity while the other which had just come under new ownership and management was given time to recapitalize). Subsequently, the CBN injected a total of N620billion in bailout funds in to the "troubled" banks.

In order to reduce the systemic impact of these disclosures and actions, the Central Bank provided in addition to the bailout funds, a guarantee on all interbank placements and bank placements made by Pension Funds Administrators up until March 31, 2010. The terminal date was later extended to December 31, 2010.

Also in November 2009, the CBN released a new Bankers' Acceptance (BA) and Commercial Paper (CP) guideline which was to ensure uniform practice and correct treatment of BA's and CP's by Banks and Discount Houses. This became necessary as a way to forestall the fraudulent treatment of these instruments as was discovered during the CBN/NDIC joint examination of banks. The policy stipulated among other things, a minimum of investment grade risk rating of BBB- for issuers of commercial paper and a tenor not exceeding 270days. Full compliance deadline with the provisions was set for March 31 2010. This was however recently extended for 25 companies on the recommendation of the Bankers Committee to December 31 2010 due to delays being experienced in getting risk ratings.

Operations

During the year under review, the implementation of our newly acquired investment banking software began. The process is expected to be completed before the end of the 3rd quarter of this year. The new software when fully operational will ensure that FSDH continues to deliver on its promise to utilize the latest available technology to enhance response time and service delivery that is of the highest standard to our customers.

To further enhance our corporate governance capabilities, members of your board during the year attended several training programmes to improve their abilities to perform their duties effectively. The few that are yet to attend are to do so later this year.

As prescribed by the CBN Code of Corporate Governance, and for the third year running, another board performance evaluation exercise was conducted by PriceWaterHouseCoopers during the year. The report recorded further improvement on our board performance. We will also review their recommendations to ensure continuous improvement in the performance of our Board

Financial Performance

In spite of the tough economic environment, I am pleased to inform you that the management of your company was once again able to post an impressive performance. The group achieved a profit before tax (PBT) of N3.015 billion for the six month financial year ended December 31 2009.

It is even more remarkable when compared with the PBT of the last financial year ended June 30 2009 of N4.32 billion as it represents 70% of this amount. Likewise, Profit after tax (PAT) was N2.64 billion for the six months representing 68% of the Profit after tax of N3.85 billion declared for the full year ended June 30 2009. Earnings per share (EPS) was 94 kobo, equivalent of 69% of the full year EPS of 137k for year ended June 30 2009. Similarly, annualized Return on Shareholders' Funds for the six months under review was 36.42% compared to a Return on Shareholders' Funds of 29.68% for year ended June 30 2009.

During the period under review, two of our subsidiaries FSDH Securities Limited and FSDH Asset Management came out of their loss positions for the year ended June 30 2009 to post marginal profits of N21.52m and N21.6m respectively. It is pertinent to state that this was achieved in spite of the continued poor performance of the capital market in Q3 and Q4 of 2009, when the Nigeria Stock Exchange All Share Index recorded declines of 17.86% and 5.61% for the two quarters respectively.

I am also happy to confirm that as predicted in my last year's statement; our third subsidiary Pensions Alliance Limited (PAL) posted a Profit before tax of N53 million for the six months under review. This we believe is a considerable improvement when compared with the subsidiary's Profit before tax of N40 million for the full year ended June 30 2009. Going forward, our expectation is that the company will continue to grow as it increases its assets under management.

Dividend

Your Board of Directors is proposing the sum of N558.96 million as dividend payment for the year ended December 31 2009. If approved, this translates to 20 kobo per share. Your approval as shareholders is hereby sought. If this approval is granted, in annualized terms, it represents 14.29% growth over the dividend payment made for the year ended June 30 2009.

Outlook

The impact of the CBN Banking sector reforms ranging from the reduction in monetary policy rates to the new BA/CP guideline and the ordered provisioning for bad credits in the books of banks has resulted in the unavailability of credit due to extreme risk aversion by financial institutions leading to unprecedented levels of liquidity in the industry.

However, the proposed Asset Management Company when operational is expected to reduce the debt overhang of banks and create liquidity which can be used to book fresh credit. It is however doubtful whether this alone, will be sufficient for one to witness the revival of lending by the banks to the real sector.

Nevertheless, ongoing concerted efforts by the Central Bank, Federal Ministry of Finance, Federal Inland Revenue Service, and the Debt Management Office to reform taxation, tariffs and charges regarding Corporate and State Government Bonds are providing fresh impetus for raising long term capital through the issuance of bonds. Consequently, Management has put in place the necessary structure to gain advantage when the sector takes off.

As for the capital market, even though it is still bogged down by lack of investor confidence, there seems to be growing optimism as the market appears to be coming alive again, probably driven by the excess liquidity in the system. It is however still very difficult to say if the market has bottomed out or whether the Bull Run we are currently witnessing will be short lived. I am pleased to say that FSDH is properly prepared for the market fluctuations.

Even though, the business terrain in the current year appears unclear, we are confident our unique culture of excellence will thrive and propel us to rise above current challenges as we have always done to attain our vision of being the leader in our chosen markets. We will also continue to focus and broaden our business activities of securities trading, market making and corporate finance services. In addition, we shall continue, as always, to look for new ways of doing what we do better, while taking on only risks we fully understand and can quantify. Our goal remains as always to be the specialist financial institution of choice to our clients.

Finally, I would like to thank all our stake holders most especially, the Central Bank of Nigeria, for their continued support and to assure them that FSDH will continue to justify the confidence they have in the company.

Thank you.

Ibrahim Y. Dikko
Chairman

REPORT OF THE DIRECTORS

The Directors present their annual report on the affairs of First Securities Discount House Limited ("the Company") and its subsidiaries ("the Group"), together with the group financial statements and auditor's report for the six months ended 31 December 2009.

(a) Legal form

The Company was incorporated on 23 June 1992 as a private limited liability company under the Companies and Allied Matters Act 1990. It started operations on 1 July 1992 and was granted license to carry on discount house business on 10 February 1993.

(b) Principal activity

The principal activity of the Company continues to be the provision of discount house services to its customers. Such services principally involve trading in and holding of marketable securities such as treasury bills, government bonds, commercial bills and other eligible instruments.

The Company holds a 99.7% interest in an asset management company - FSDH Asset Management Limited. FSDH Asset Management Limited holds a 99.9% interest in FSDH Securities Limited (FSL), a company involved in stock broking and issuing house operations.

In addition, the Company has a 51% interest in Pensions Alliance Limited, which is involved in pension fund administration.

The Company prepares consolidated financial statements. The financial results of all the subsidiaries have been consolidated in these financial statements.

(c) Operating results:

The following is a summary of the Group and Company's operating results and transfers to reserves:

	Group 6 months to 31-Dec-09 N'000	Group 12 months to 30-Jun-09 N'000	Company 6 months to 31-Dec-09 N'000	Company 12 months to 30-Jun-09 N'000
Gross Earnings	**7,543,490**	**32,242,419**	**7,102,458**	**31,413,393**
Profit before tax	3,014,945	4,321,626	2,913,307	4,604,240
Taxation	(366,883)	(469,972)	(344,429)	(447,384)
Profit after taxation before non controlling interest	2,648,062	3,851,654	2,568,878	4,156,856
Non controlling interest	(21,304)	(13,598)	-	-
Profit attributable to the group	**2,626,758**	**3,838,056**	**2,568,878**	**4,156,856**
Appropriations:				
Transfer to statutory reserves	390,684	626,997	385,332	623,528
Retained earnings for the year	2,236,074	3,211,059	2,183,546	3,533,328
	2,626,758	**3,838,056**	**2,568,878**	**4,156,856**

(d) Proposed dividend

The board of directors has proposed, for the approval of the shareholders, the payment of a dividend of ₦558.96 million representing 20k per share (June 2009: ₦978.18 million; representing 35k per share). The dividends are subject to deduction of withholding tax.

(e) Directors and their interests

The following directors of the Company held office during the period:

Mr. Ibrahim Dikko	Chairman
Mr. Rilwan Belo-Osagie	Managing Director
Mr. Olayiwola Adetomiwa	Representing UNICO CPFA Limited (retired based on rotation on 29 October 2009)
Mr. Daniel Agbor	Representing KMC Investments Limited
Mr. Offong Ambah (Alternate – Mr. Jibril Aku)	Representing Ecobank Nigeria Plc
Mrs. Myma Belo-Osagie	Representing KMC Investments Limited
Mr. Junaid Dikko	Representing KMC Investments Limited
Mr. Bashir el-Rufai	Independent Director
Mr. Vincent Omoike	Independent Director
Mrs. Hamda Ambah	Executive Director

All of the non-executive directors are representatives of companies which have interests in the share capital of the Company, and as such do not have interests required to be disclosed under Section 276 of the Companies and Allied Matters Act.

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.

(f) Shareholding analysis

The shareholding pattern of the Company as at 31 December 2009 is as stated below:

Share range	No of shareholders	Percentage of shareholders (%)	No. of holdings	Percentage of holdings (%)
50,000,000 - 100,000,000	4	28.57	229,478,730	8.21
101,000,000 - 200,000,000	4	28.57	582,710,082	20.85
201,000,000 - 500,000,000	3	21.43	841,114,074	30.10
501,000,000 - 1,000,000,000	1	7.14	878,990,844	31.45
	12	85.71	2,532,293,730	90.61
Foreign shareholders	2	14.29	262,500,000	9.39
	14	**100.00**	**2,794,793,730**	**100.00**

(g) Substantial interest in shares

According to the register of members as at 31 December 2009, the following shareholders held more than 5% of the issued share capital of the Company:

Shareholder	No. of shares held	Percentage of shareholding (%)
KMC Investment Limited	878,990,844	31.45
UBA Asset Management Limited	301,875,000	10.80
Ecobank Nigeria Plc	297,819,622	10.66
FSDH Staff Co-operative Society	241,419,452	8.64
Unity Bank Plc	197,123,862	7.05
International Finance Corporation (IFC)	175,000,000	6.26
Afribank Nigeria Plc	151,164,660	5.41

(h) Property and equipment

Information relating to changes in the property and equipment of the Group is disclosed in Note 16 to the financial statements.

(i) Post balance sheet events

There were no post balance sheet events which could have a material effect on the state of affairs of the Company as at 31 December 2009 and the profit for the year ended on that date that have not been adequately provided for.

(j) Human resources

Employee consultation and training

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular and informal meetings between management and staff.

The Group places a high premium on training and development of its manpower and sponsors employees for various training courses as appropriate.

Health, safety and welfare at work

The Group's employees are adequately insured against occupational hazards. In addition, medical facilities are provided to employees and their immediate families at the Group's expense.

Employment of disabled persons

The Group has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Group's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

(k) Donations

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of ₦32, 290, 000 (30 June 2009: ₦42, 610,000) was incurred. Details of the donations and charitable contributions include:

	₦
St. Mary's Convent School - (Lagos State Government's 'Support Our Schools' initiative)	29,690,000
Save Ifeoluwa Nehemiah Adeyemi	1,000,000
Children Development Centre	750,000
Bethtorrey Home & School Zaria	500,000
Society for the Performing Arts in Nigeria	200,000
Nigeria Society for the Blind	50,000
Nigeria Red Cross Society	50,000
National Handicap Carers Association of Nigeria	50,000
	32,290,000

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Group did not make any donation or gift to any political party, political association or for any political purpose during the year under review.

(l) Auditors

In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria, KPMG Professional Services have indicated their willingness to continue in office as auditors.

1-5 Odunlami Street,
UAC House, 6th floor
Lagos, Nigeria

25 March 2010

BY ORDER OF THE BOARD,

Alsec Nominees Limited
Company Secretary

CORPORATE GOVERNANCE REPORT

Corporate governance in First Securities Discount House Limited (''FSDH'') is based on the philosophy of building a structured organization, anchored on core values, with well defined systems and processes that are adaptive to changes in the environment and resilient enough to cope with succession at all levels. This philosophy has been the guidepost in navigating the organisation through its various phases of growth. It has ensured stability for the Company, even as the economy as a whole and the financial services industry, in particular, went through various cycles of boom and bust. During the run up to the last financial crisis, when many players in the industry went overboard in risk taking, our governance practices ensured that we stayed true to our core values, and as the bubble burst and performance in the industry nose-dived, ours remained robust.

In FSDH, corporate governance is not just about adopting national and international codes of best practices – in fact we benchmark against these best practice codes; it is rooted in shared values and a culture that aims to bring out the best in our staff. This culture defines the "FSDH Person" – a term whose meaning runs deep in our collective psyche and which encapsulates our modus operandi. It is the glue that binds all the stakeholders together. We are able to do this because in FSDH, the external and the internal environments have been aligned towards a common objective – that of meeting and exceeding the needs of our customers. Our unique ownership structure has combined with a responsive board to produce a highly empowered management and staff, resulting in a governance structure that promotes accountability and transparency throughout the whole organization.

Over the years, we have taken deliberate steps towards improving the structures. In line with the recommendations in the CBN's Code of Corporate Governance, we have constituted more Board Committees, commenced regular training of our directors and increased capacity in the key departments and units involved in the governance process. We have also tightened internal controls through the review of the company's Enterprise-wide Risk Management framework (ERM). In addition, the Company has set up a whistle-blowing procedure and adopted a code of professional conduct for all the members of staff. The whistle-blowing procedure provides a confidential channel for stakeholders to report wrong-doing, through hotlines and confidential email. Details are contained in the Company's website: www.fsdhgroup.com.

OWNERSHIP

FSDH has continued to be the result of a successful partnership between local banks and non-bank financial institutions on the one hand and offshore financial institutions on the other hand. This ownership structure makes FSDH unique in the country's financial services industry. At present, the shareholding structure consists of 2 foreign financial institutions including the IFC (9%), 5 local banks (29%) and 7 local non-bank financial institutions (62%).

THE BOARD

FSDH's Board is composed of experienced and knowledgeable professionals who have made their mark in key sectors of the economy. It is headed by a Chairman. The position of the Chairman of the Board is separate from the position of the Chief Executive Officer and both positions are occupied by separate persons. The board is composed of the Managing Director, an Executive Director, 2 independent non-executive directors (who do not represent the interest of any shareholder), and a maximum of 8 other non-executive directors representing the interests of various shareholders. Regular evaluation of the effectiveness of the board is performed by PricewaterhouseCoopers, an international consulting firm, in line with the requirements of the CBN's Code of Corporate Governance. The board has continued to receive good ratings on its effectiveness in the performance of its duties.

The Board has three standing committees – the Audit Committee, the Risk Management Committee and the Credit Committee. Together with the three committees, the board provides effective oversight over the operations of the Company. The duties of the board are:

- Selection, compensation, and regular monitoring of the CEO and Senior Management.
- Review and approval of the financial objectives, major strategies, business plan and annual budget.
- Review and approval of systems and processes to ensure that the Company's financial statements reflect the true financial condition and results of operations of the Company.
- Selection and recommendation to shareholders of appropriate candidates for election as directors.
- Review of the adequacy of the systems and processes put in place to ensure compliance with applicable laws and regulations.
- Review and approval of capital issues and changes in the capital structure of the Company.
- Review and approval of major capital expenditure items.

The Board Committees

The CBN's Code of Corporate Governance for banks and discount houses requires every bank or discount house to have at least three Standing Committees namely the Audit Committee, the Risk Management Committee, and the Credit Committee. Accordingly, FSDH has constituted the three Committees.

The Audit Committee

This is a statutory Committee and its duties are contained in section 359(6) of CAMA namely:

- Ascertaining whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- Reviewing the scope and planning of the external audit.
- Reviewing the findings of external auditors as contained in their management letter.
- Reviewing the effectiveness of the Company's system of internal controls.
- Making recommendations to the Board regarding the appointment, remuneration, and removal of external auditors.
- Overseeing the activities of the Internal Auditor and authorizing him/her to carry out investigations into any activities of the Company which may be of interest or concern to the Audit Committee.

The Audit Committee is made up of 4 members, one of which (the Chairman) is a representative of shareholders and is not a member of the Board. The Internal Audit Unit is independent of management and reports directly to the Audit Committee.

The Risk Management Committee

The Committee is made up of 5 members and its duties are:

- To approve and review the Enterprise Wide Risk Management Framework.
- To determine the risk areas that will be subject to regular review and to specify the frequency of review.
- Establishment of policies on risk oversight and management of the Company.
- HR issues such as appointments/promotions of senior management staff, review of staff salaries, review of human resources policies and discipline.
- Other assignments as may be given by the Board of Directors from time to time.

The Risk Management Department, which is independent of the operating units, presents regular reports to the Board Risk Committee and the Board Credit Committee.

The Credit Committee

The Credit Committee, which is made up of 4 members, has as its functions the following:

- Formulation of credit policies for the organization.
- Review and approval of credit policies on a regular basis.
- Approval of credit limits in accordance with the credit policies of the Company.
- Approval of credits that exceed the Management's credit limits.

The Risk Management Department also presents regular reports to the Committee.

Board and Board Committee Meetings

The record of attendance at meetings of Board and Board Committees is stated below:

	Board of Directors		03/09/09	29/10/09	10/12/09	Rating (%)
1	Mr Ibrahim Dikko	Chairman	✓	✓	✓	100%
2	Mr Rilwan Belo-Osagie		✓	✓	✓	100%
3	Mr O. A. Adetomiwa		✓	✓	✎	67%
4	Mr. Dan Agbor		✓	✓	✓	100%
5	Mr. Jibril Aku		✓	×	✓	67%
6	Mr. Bashir el-Rufai		✓	×	×	33%
7	Mr. Junaid Dikko		✓	×	✓	67%
8	Mrs. Hamda A. Ambah		×	✓	✓	67%
9	Mr. Vincent Omoike		✓	✓	✓	100%
10	Dr. Myma Belo-Osagie		✓	×	✓	67%

	Credit Committee		01/09/09	30/11/09	Rating(%)
1	Mr. Dan Agbor	Chairman	✓	✓	100%
2	Mr. Rilwan Belo-Osagie		✓	✓	100%
3	Mr. Jibril Aku		✓	×	50%
4	Mr. Junaid Dikko		✓	✓	100%

	Risk Management Committee		01/09/09	30/11/09	10/12/09	Rating (%)
1	Mr. Jibril Aku	Chairman	✓	✓	✓	100%
2	Mr. Rilwan Belo-Osagie		✓	✓	✓	100%
3	Mr Olayiwola Adetomiwa		✓	✓	✎	67%
4	Mr. Bashir el-Rufai		×	✓	×	33%

	Audit Committee			27/08/09	17/12/09	Rating (%)
1	Mr. Haruna Jalo-Waziri	Chairman*		✓	✓	100%
2	Mr. Vincent Omoike			✓	✓	100%
3	Mr. Junaid Dikko			✓	✓	100%
4	Mr. Dan Agbor			✓	✓	100%

Legend	
×	Absent
✓	Present
✎	Retired from board

MANAGEMENT

The management is charged with the day-to-day running of the Company. It is headed by the Managing Director, who is also the Chief Executive Officer (CEO). He is supported by an Executive Director and heads of departments. In addition, the Company makes use of standing committees in the performance of certain key functions whose processes cut across different departments. The standing committees are as follows:

The Executive Committee

The Committee is made up of the Managing Director, the Executive Director and all the Heads of Departments and the Branch Managers. This is the principal decision making organ of the Company and meets on a weekly basis.

The Senior Executive Committee

The Committee meets formally every six months to review performance appraisals and approve promotions. It also has exclusive approval powers for some types of expenditure. It is composed of the three most senior members of staff of the organization.

The Liquidity Committee

The Committee, which meets weekly, is composed of all the heads of departments and key officers of the Business Units, Financial Control and Risk Management. The Committee makes decision on the structure and composition of the Company's assets and liabilities and also sets the guidelines on interest rates.

The Credit/Watch-list Committee

The Committee meets monthly to consider and approve credits and also to review existing credits for performance and classification. The Managing Director, the Executive Director, the Head of Risk Management Department, the Head of Financial Control Department, the Head of the Internal Audit Unit, and the Heads of the Business Units together with other key staff in the Business Units are members.

The IT Steering Committee

The Committee meets to discuss and make recommendations on major IT implementations and strategies. It meets whenever there is a major IT implementation in the Company. All the Heads of Departments are members.

PRICEWATERHOUSECOOPERS

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Private & Confidential

26 March 2010

The Chairman
Board of Directors
First Securities Discount House Limited
Niger House (6th floor), 1/5 Odunlami Street
Lagos

Dear Sir

Report to the Directors of First Securities Discount House Limited on the outcome of the Board Evaluation

PricewaterhouseCoopers was engaged to carry out an evaluation of the Board of Directors of First Securities Discount House Limited as required by Section 5.4.6 of the Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria ("the Code"). The Code requires that the review should cover all aspects of the Board's structure and composition, responsibilities, processes and relationships for the period ended 31 December 2009.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements, plan and perform the assurance engagement in order to obtain limited assurance as to whether any matters come to our attention that cause us to believe that the requirements of the Code have not been complied with in all material respects.

The Board is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the board's performance based on work carried out within the scope of our engagement as contained in our letter of engagement of 4 February, 2010. In carrying out the evaluation, therefore, we have relied on representation made by members of the board and management and on the documents provided for our review.

On the basis of our limited assurance review, it is our conclusion that nothing has come to our attention which causes us to believe that the board's performance does not comply in any material respect with the criteria set out in the Code. We have recommended the need to set and agree annual objectives for individual directors and initiate formal succession planning for all senior management positions. Other recommendations are contained in our detailed report.

Yours faithfully
for: **PricewaterhouseCoopers**

Ken Igbokwe
Managing Partner

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2009

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Group and the Company, and of the profit for the financial period.

The responsibilities include ensuring that:

(a) appropriate internal controls are established both to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;

(b) the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990, Banks and Other Financial Institutions Act, 1991, Prudential Guidelines, Nigerian Accounting Standards and relevant Circulars issued by the Central Bank of Nigeria;

(c) the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company and its subsidiaries will not continue in business.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the Nigerian Statements of Accounting Standards and the requirements of the Companies and Allied Matters Act of Nigeria.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the period then ended.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS BY:

T.Y. Dikko

Ibrahim Y. Dikko
Chairman
25 March 2010

Rilwan Belo-Osagie
Managing Director
25 March 2010

Report of the Audit Committee
For the six months ended 31 December 2009

To the members of **First Securities Discount House Limited**

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act 1990, the members of the Audit Committee of First Securities Discount House Limited hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Company and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the six months ended 31 December 2009 were satisfactory and reinforce the Group's internal control systems.

- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.

Muhibat Abbas
Chairman, Audit Committee

23 March 2010

Members of the Audit Committee are:

1. Muhibat Abbas - Chairman
2. Vincent Omoike
3. Junaid Dikko
4. Dan Agbor

KPMG

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Independent Auditor's Report

To the Members of **First Securities Discount House Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of First Securities Discount House Limited ("the Company") and its subsidiary companies (together ''the Group''), which comprise the balance sheets as at 31 December 2009, the profit and loss accounts, statements of cash flows, value added statements for the six months then ended, the statement of accounting policies, notes to the financial statements and the five year financial summaries, set out on pages 18 to 77.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of First Securities Discount House Limited ("the Company") and its subsidiaries (together "the Group") as at 31 December 2009 and of the Group and Company's financial performance and cash flows for the six months then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars and guidelines.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

Additionally, the Group and Company's balance sheet and profit and loss account are in agreement with the books of accounts and returns.

Compliance with section 27(2) of the Banks and Other Financial Institutions Act of Nigeria.
Based on our audit and representations received, to the best of our knowledge and belief, the Company did not contravene any of the rules and regulations of the Banks and Other Financial Institutions Act of Nigeria.

KPMG

25 March 2010

Lagos, Nigeria

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied consistently in the preparation of these financial statements, throughout the current and prevailing period, are set out below:

(a) Basis of preparation

These financial statements are the consolidated financial statements of First Securities Discount House Limited, a company incorporated in Nigeria on 23 June 1992, and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared under the historical cost convention modified by the valuation of certain investment securities and comply with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

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.

The Company changed its accounting year end from 30 June to 31 December in compliance with a Central Bank of Nigeria directive. Accordingly, these financial statements cover a period of six months from 1 July 2009 to 31 December 2009, whilst the corresponding balances are for the twelve months ending 30 June 2009.

(b) Basis of consolidation

i) Subsidiary companies:

The group financial statements comprise the financial statements of First Securities Discount House Limited and its subsidiary companies.

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The consolidated subsidiaries are FSDH Asset Management Limited (direct subsidiary), FSDH Securities Limited (indirect subsidiary) and Pensions Alliance Limited (direct subsidiary).

ii) Transactions eliminated on consolidation:

Intra-group balances and transactions and any unrealised gains or losses arising from intra-group transactions are eliminated in preparing the group financial statements.

iii) Investments in subsidiary companies are stated at cost in the Company's separate financial statements. Provision is made for any permanent diminution in the value of the investment in the subsidiary companies.

iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions in the books of the holding company and its subsidiaries.

(c) Income recognition

Interest on bonds and commercial bills, treasury bills, discount on placements, brokerage commission and other fixed income securities is accounted for on an accrual basis.

Other fee income on services rendered is recognised at the time the service or transaction is effected. Securities trading income relates to gains or losses arising from the purchase and sale of securities.

Dividend income is recognised when the right to receive payment is established.

(d) Discount expense

Discount expense is accounted for on an accrual basis on all discount-bearing liabilities.

(e) Property and equipment

All property and equipment is initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

Depreciation is calculated on a straight line basis to write down the cost of property and equipments to their residual values over their estimated useful lives at the following annual rates:

Leasehold improvements	25% or over the lease period
Furniture and fittings	12.5% - 25%
Office equipment	20%- 33.33%
Motor vehicles	25%
Work-in-progress	0%

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell and value in use.

Gains or losses arising from the disposal of fixed assets are included in the profit and loss account.

(f) Taxation

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

(g) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully, on all timing differences, which are expected to reverse, at a rate of tax likely to be in force at the time of reversal. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Retirement benefits

(i) *Pension costs*

In line with the Pension Reform Act 2004, the Group operates a defined contribution pension scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Group contribute 5% and 10% of the employee's basic, transport and rent allowances respectively.

Benefits under this scheme are payable in line with the provision of the Act. Employees' contribution under the schemes is funded through payroll deductions, while the Company's contribution is charged to the profit and loss account. The Group has no legal or constructive obligation once the contributions have been paid.

(ii) *Gratuity*

The Company operates a non contributory defined benefits scheme. Lump sum benefits payable upon retirement or resignation are accrued over the service lives of the employees. An independent actuarial valuation is carried out on the fund on an annual basis on the projected unit credit basis.

Gains on actuarial valuations are immediately taken as deductions from current or future retirement cost while losses are treated as additions and charged to profit and loss account.

(i) Provision for risk assets

Commercial bills are stated net of provision for amounts doubtful of recovery. The provision is determined by a specific assessment of each issuer's account in accordance with the Central Bank of Nigeria's (CBN) circular on Prudential Guidelines as stated below:

Period principal/interest have been outstanding	Classification	% Provision Required
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

A provision of at least 1% is made for all commercial bills classified as performing to recognise potential inherent losses in the portfolio.

Bad debts are written-off when the extent of the loss has been determined. When a credit facility is deemed not collectible, it is written off against the related provision and subsequent recoveries are credited to the profit and loss account.

(j) Margin trading accounts

Margin trading accounts are stated net of allowances for bad and doubtful accounts. A specific allowance for loan losses is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This allowance is made for each account that is not performing in accordance with the terms of the related facility. Provision is made in the manner stated below:

(i) Where lending is related to a specific transaction, and there is evidence that the transaction will not be successful, provision is made immediately in full against interest and principal outstanding, net of collateral realised or in possession and in the process of realization.

(ii) Where lending is not related to a specific transaction or evidence on the status of the transaction is not readily available, and success of the transaction is doubtful, specific allowances are made as follows:

a. Interest overdue by more than 30 days is suspended and recognized on cash basis.
b. Principal repayments which are overdue by more than 90 days are fully provided for and recoveries recognised on a cash basis.
c. When individual principal repayments have been overdue for more than 180 days, full provision is made against the outstanding principal repayments not yet due.

When a loan is deemed not collectible, it is written off against the related allowance and subsequent recoveries are credited to the profit and loss account.

A general provision of 1% is made on all margin accounts, which have not been specifically provided for.

(k) Investment securities

The Group categorises its investment securities into the following categories: commercial bills, trading securities, short term and long term investments. Investment securities are initially recognized at cost and management determines the classification at initial investment.

Commercial bills are stated at face value net of unearned income. Unearned income is deferred and amortised as earned.

Trading securities comprise FGN trading bonds acquired for trading purposes. FGN trading bonds are carried at market value. Any gain or loss arising from movements in market values of the portfolio is transferred to a revaluation reserve account; unless a net cumulative loss has been incurred, in which case the net loss is charged to the profit and loss account in the period it first arises. Any subsequent net gain is credited to the profit and loss account to the extent of losses previously charged. Transactions in marketable securities are recorded on a settlement date basis.

Dealing securities are carried at lower of cost and market value.

Short-term investments comprise debt securities maturing within one year of the balance sheet date, which are held to maturity. Short term investments are stated at the lower of cost and market value.

Long-term investments comprise equity securities and debt securities maturing after one year of the balance sheet date, which are held to maturity. Long term investments are stated at cost with market value disclosed. Provisions are made for permanent diminution in the value of such investments as appropriate.

(l) Assets under repurchase agreement

This represents the value of treasury bills, bonds and commercial bills sold to counter parties where the Company has a commitment to buy back the bills at a later date. Assets under repurchase are carried at cost. A provision of at least 1% is made for all commercial bills classified as performing to recognize potential inherent losses in line with the CBN Prudential Guidelines.

(m) Liabilities against repurchase agreement

This represents consideration received for treasury bills, bonds and commercial bills sold to counter parties where the Company has a commitment to buy back the bills at an agreed future date.

(n) Cash and bank balances

Cash and bank balances comprise cash in hand and the Group's current account balances with banks in Nigeria.

(o) Funds under management

Funds under management represent clients' funds invested in equities and money market investments. Funds under management are recognized at market value and are disclosed by way of notes to the financial statements.

(p) Dividend

Dividends comprise dividends declared and/or paid. Dividend proposed is not recognised in the financial statements until it is declared. Dividend declared is recognised in the financial statements in the period when it is declared.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Foreign currency translation

i) Reporting currency

The consolidated financial statements are presented in Nigerian naira, which is the Company's reporting currency.

ii) Transactions and balances

Transactions in foreign currency are converted to Naira at the rates of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currency are translated into Naira at the rates of exchange ruling at the balance sheet date. Differences arising on conversion are included in the profit and loss account.

Exchange differences arising from the conversion of long term monetary assets and liabilities are taken to foreign exchange revaluation reserve and released to profit and loss on realisation of the asset.

(s) Segment reporting

The Group defines a segment as a distinct or distinguishable unit of the Group that is engaged in providing financial products or services subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The Group currently operates in one geographical segment, which is Nigeria and, as such, does not have a secondary segment reporting format.

(t) Debtors and prepayments

Debtors are stated at cost after the deduction of allowance for amounts considered bad or doubtful of recovery. An allowance for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. The charge for the year is recognised immediately in the profit and loss account.

Prepayments are carried at cost less amortised amounts.

(u) Operating expenses

Operating expenses are recognized on an accrual basis.

(v) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(w) Fiduciary activities

The Group acts in certain fiduciary capacities that result in the holding or placing of assets on behalf of individuals and institutions. These assets and the income arising therefrom are excluded from these financial statements, as they are not assets of the Group.

PROFIT AND LOSS ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

	Notes	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Gross earnings		7,543,490	32,242,419	7,102,458	31,413,393
Securities income	3	7,057,596	30,928,243	7,092,422	31,404,039
Securities discount expenses	4	(3,482,493)	(24,422,938)	(3,539,293)	(24,556,004)
Net discount income		3,575,103	6,505,305	3,553,129	6,848,035
Other income	5	485,894	1,314,176	10,036	9,354
Operating income		4,060,997	7,819,481	3,563,165	6,857,389
Operating expenses	6	(1,333,654)	(2,638,161)	(906,656)	(1,425,205)
Write-back/(allowance) on assets value	11a(iv)	287,602	(859,694)	256,798	(827,944)
Profit before taxation		3,014,945	4,321,626	2,913,307	4,604,240
Taxation	7	(366,883)	(469,972)	(344,429)	(447,384)
Profit after taxation		2,648,062	3,851,654	2,568,878	4,156,856
Non-controlling Interest	25	(21,304)	(13,598)	-	-
Profit attributable to the Group		2,626,758	3,838,056	2,568,878	4,156,856
Appropriated as follows:					
Transfer to statutory reserve	22	390,684	626,997	385,332	623,528
Transfer to retained earnings reserve	23	2,236,074	3,211,059	2,183,546	3,533,328
		2,626,758	3,838,056	2,568,878	4,156,856
Earnings per share- basic	27	94k	137k	92k	149k
Dividend per share (paid)	19	35k	25k	35k	25k

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

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
ASSETS:					
Cash and bank balances	8	462,823	652,808	393,829	397,003
Treasury bills	9	17,193,081	5,346,309	17,193,081	5,346,309
Assets on repurchase agreements	10	31,916,736	69,007,425	32,812,458	69,619,147
Investment securities	11	23,560,739	11,767,755	22,569,730	10,683,128
Margin accounts	12	31,018	130,936	-	-
Other assets	13	1,459,633	995,108	918,184	653,968
Deferred taxation	14	199,458	226,340	48,540	75,259
Investment in subsidiary companies	15	-	-	564,000	564,000
Property and equipment	16	562,735	304,862	472,206	223,115
TOTAL ASSETS		75,386,223	88,431,543	74,972,028	87,561,929
LIABILITIES:					
Due to banks	17	26,600,000	1,500,000	26,600,000	1,500,000
Liabilities on repurchase agreements	10(g)	32,155,600	71,751,890	33,057,548	72,369,424
Other liabilities	18	870,732	1,330,484	506,217	838,686
Dividend payable	19	-	-	-	-
Taxation payable	7	836,669	573,656	754,341	511,386
Retirement benefit obligations	20	358,437	227,452	327,502	206,713
TOTAL LIABILITIES		60,821,438	75,383,482	61,245,608	75,426,209
CAPITAL AND RESERVES:					
Share capital	21	2,794,794	2,794,794	2,794,794	2,794,794
Share premium		1,539,587	1,539,587	1,539,587	1,539,587
Statutory reserve	22	2,398,216	2,007,532	2,384,558	1,999,226
Retained earnings	23	7,593,436	6,335,540	7,007,481	5,802,113
Revaluation reserve	24	102,062	255,222	-	-
SHAREHOLDERS' FUNDS		14,428,095	12,932,675	13,726,420	12,135,720
Non-controlling interest	25	136,690	115,386	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		75,386,223	88,431,543	74,972,028	87,561,929

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

T.Y.D .... **Ibrahim Y. Dikko - Chairman**

.... **Rilwan Belo-Osagie - Managing Director**

Approved by the Board of Directors on 25 March 2010

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

STATEMENTS OF CASHFLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Notes	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Operating activities:					
Cash generated/(used) from operations	28	27,892,718	(33,294,387)	28,429,639	(34,783,273)
Income tax paid	7	(76,988)	(472,287)	(74,755)	(301,190)
Gratuity paid	20	-	(11,620)	-	(15,537)
Net cash flow from operating activities		27,815,730	(33,778,294)	28,354,884	(35,100,000)
Investing activities:					
Proceeds from disposal of fixed assets		2,770	15,155	1,886	9,070
Purchase of fixed assets	16	(330,085)	(162,392)	(295,350)	(126,382)
Sales of investments		-	4,785,735	-	5,446,807
Purchase of investments		(14,881,062)	-	(15,239,644)	-
Interest received on long term investments		27,612	302,563	-	-
Net cash flow from investing activities		(15,180,765)	4,941,061	(15,533,108)	5,329,495
Financing activities:					
Ordinary dividend paid	19	(978,178)	(698,698)	(978,178)	(698,698)
Repayment of short term borrowings		-	(1,454,896)	-	-
Net cash flow from financing activities		(978,178)	(2,153,594)	(978,178)	(698,698)
Increase/(decrease) in cash and cash equivalents		11,656,787	(30,990,827)	11,843,598	(30,469,203)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents, beginning of period		(5,999,117)	(36,989,944)	(5,743,312)	(36,212,515)
Cash and cash equivalents, end of period	29	17,655,904	5,999,117	17,586,910	5,743,312
Increase/(decrease) in cash and cash equivalents		11,656,787	(30,990,827)	11,843,598	(30,469,203)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

1 General information

First Securities Discount House Limited was incorporated on 23 June 1992 as a private limited liability company and started operations on 1 July 1992. The Company has two direct subsidiaries and one indirect subsidiary as analysed below:

FSDH Asset Management Limited (direct)	99.7%
FSDH Securities Limited (indirect)	99.9%
Pensions Alliance Limited (direct)	51.0%

FSDH Securities Limited is a wholly owned subsidiary of FSDH Asset Management Limited (FAML).

2 Segmental analysis

The Group's business operates from one geographic location, which is Nigeria and it is organized along four main business segments:

Asset management **-** includes portfolio management and advisory services.

Pension funds management **-** includes management of pension funds.

Fixed income securities - includes trading in money market securities and other financial instruments.

Stock-broking **-** includes stock trading with proprietary portfolio and customers' portfolio as well as issuing house activities.

The group's business reporting information comprises:

	Asset management	**Stock broking**	**Fixed income securities**	**Pension funds management**	**Total**
	31-Dec-09	**31-Dec-09**	**31-Dec-09**	**31-Dec-09**	**31-Dec-09**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
REVENUE:					
Gross earnings - external	118,071	94,952	7,102,459	325,417	7,640,899
Intersegment revenue/(expense)	-	-	(97,409)	-	(97,409)
Total segment revenue	118,071	94,952	7,005,050	325,417	7,543,490
EXPENSES					
Depreciation	-	-	(46,259)	(25,852)	(72,111)
Segment result	21,627	21,520	2,918,797	53,001	3,014,945
ASSETS AND LIABILITIES					
Segment assets	1,184,439	1,100,653	74,972,028	392,174	77,649,294
Inter-segment assets	(11,240)	-	(2,251,831)	-	(2,263,071)
Total assets	1,173,199	1,100,653	72,720,197	392,174	75,386,223
Segment liabilities	(638,548)	(376,009)	(61,245,608)	(109,044)	(62,369,209)
Inter-segment liabilities	634,583	-	913,188	-	1,547,772
Total liabilities	(3,965)	(376,009)	(60,332,420)	(109,044)	(60,821,437)
Non controlling interest	-	-	-	-	(136,690)
Net Assets	1,169,234	724,644	12,387,777	283,130	14,428,095

The group's business reporting comparative information for prior period comprises:

	Asset management	**Stock broking**	**Fixed income securities**	**Pension funds management**	**Total**
	30-Jun-09	**30-Jun-09**	**30-Jun-09**	**30-Jun-09**	**30-Jun-09**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
REVENUE:					
Gross earnings - external	446,858	305,542	31,413,393	552,422	32,718,215
Intersegment revenue/(expense)	-	-	(475,796)	-	(475,796)
Total segment revenue	446,858	305,542	30,937,597	552,422	32,242,419
EXPENSES					
Depreciation	-	-	(85,565)	(56,605)	(142,170)
Segment result	(166,257)	(173,307)	4,621,174	40,016	4,321,626
ASSETS AND LIABILITIES					
Segment assets	1,807,705	1,086,397	87,561,929	390,296	90,846,327
Inter-segment assets	(309,684)	-	(2,105,100)	-	(2,414,784)
Total assets	1,498,020	1,086,397	85,456,829	390,296	88,431,543
Segment liabilities	(1,123,568)	(377,080)	(75,426,209)	(149,976)	(77,076,833)
Inter-segment liabilities	1,070,754	-	622,597	-	1,693,351
Total liabilities	(52,814)	(377,080)	(74,803,612)	(149,976)	(75,383,482)
Non controlling interest	-	-	-	-	(115,386)
Net Assets	1,445,206	709,317	10,653,217	240,320	12,932,675

3 Securities income

Securities trading income comprises income from:

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Bonds	3,512,809	3,497,659	3,512,809	3,497,659
Treasury bills	287,243	1,706,285	287,243	1,706,285
Commercial bills	3,257,544	25,724,299	3,292,370	26,200,095
	7,057,596	30,928,243	7,092,422	31,404,039

4 Securities discount expenses

Securities discount expenses comprise expenses from:

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Bonds	548,154	1,686,547	548,154	1,686,547
Treasury bills	104,721	1,396,257	104,721	1,396,257
Commercial bills	2,223,837	20,602,627	2,280,637	20,735,693
Call expenses	605,781	737,507	605,781	737,507
	3,482,493	24,422,938	3,539,293	24,556,004

5 Other income

Other income comprise income from:

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Management fees	366,710	539,602	-	-
Brokerage commissions	34,612	80,317	-	-
Interest on margin accounts	8,176	187,207	-	-
Interest on long term investments	27,612	302,563		
Securities trading income	-	-	-	-
Financial advisory fees	999	5,100	-	-
Administration fees	-	146,163	-	-
Technical services fee (see note (30))	-	-	4,674	-
Others	47,785	53,224	5,362	9,354
	485,894	1,314,176	10,036	9,354

6 Operating expenses

Operating expenses comprise the following:

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Directors' fees and allowances (see note (26) (d) below)	23,770	45,328	23,650	44,555
Staff and related costs (see note (26)(a) below)	835,699	1,288,682	548,629	737,198
Depreciation (see note 16 below)	72,111	142,170	46,259	85,565
Auditors' fees	20,950	24,110	14,700	14,700
Unrealised loss on quoted dealing securities	2,178	219,468	-	-
Securities trading loss	1,443	219,137	-	-
Other operating expenses	377,503	699,266	273,418	543,187
	1,333,654	2,638,161	906,656	1,425,205

7 Taxation payable

a) The movement on this account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	573,656	551,274	511,386	328,231
Current period tax (see note(b) below)	340,001	494,669	317,710	484,345
	913,657	1,045,943	829,096	812,576
Payment during the period	(76,988)	(472,287)	(74,755)	(301,190)
Balance, end of period	836,669	573,656	754,341	511,386

b) The charge for the period comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Company income tax	316,921	461,942	296,300	452,110
Education tax	23,080	32,727	21,410	32,235
	340,001	494,669	317,710	484,345
Deferred tax charge/(credit) (see note (14) below)	26,882	(24,697)	26,719	(36,961)
Tax charge	366,883	469,972	344,429	447,384

The current tax charge has been computed at the applicable rate of 30% (30 June 2009: 30%) plus education levy of 2% (30 June 2009: 2%) on the profit for the period after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

8 Cash and bank balances

These comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Cash in hand	281	156	144	7
Balances held with other banks:				
- Current account	461,489	651,599	393,685	396,996
- Domiciliary account	1,053	1,053	-	-
	462,823	652,808	393,829	397,003

9 Treasury bills

These comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Treasury bills - Gross value				
* Banks	17,294,907	5,373,732	17,294,907	5,373,732
	17,294,907	5,373,732	17,294,907	5,373,732
Discount receivable	-	77	-	77
Unearned discount	(101,826)	(27,500)	(101,826)	(27,500)
	17,193,081	5,346,309	17,193,081	5,346,309

10 Assets / liabilities on repurchase agreements

(a) Assets under repurchase agreements comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Treasury bills				
* Banks	5,000	6,274,187	5,000	6,274,187
Unearned discount	(16)	(144,708)	(16)	(144,708)
	4,984	6,129,479	4,984	6,129,479
FGN bonds				
* Banks	6,700,000	36,800,000	6,700,000	36,800,000
Interest receivable	125,367	1,022,462	125,367	1,022,462
Premium/unearned discount	397,057	(2,643,875)	397,057	(2,643,875)
	7,222,424	35,178,587	7,222,424	35,178,587

The market value of the bonds at the balance sheet date was N7,251,567,764 (30 June 2009: N36,277,107,000).

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Commercial bills				
* Banks	7,623,947	12,650,068	7,623,947	12,650,068
* Corporates	10,904,003	3,110,650	11,805,951	3,110,650
* Energy	3,441,564	6,207,017	3,441,564	6,207,017
* Non-Bank financial institutions	58,133	1,703,486	58,133	1,703,486
* Telecoms	3,422,953	5,006,481	3,422,953	5,624,016
	25,450,600	28,677,702	26,352,548	29,295,237
Discount receivable	288,549	186,891	288,549	187,304
Unearned discount	(323,491)	(276,588)	(323,491)	(276,588)
	25,415,658	28,588,005	26,317,606	29,205,953
Specific allowance for commercial bills (see note 11(a) (i))	(370,433)	(542,780)	(370,433)	(542,780)
Interest in suspense (see note 11a(iii))	(122,752)	(76,797)	(122,752)	(76,797)
General allowance for commercial bills (see note (b))	(233,145)	(269,069)	(239,371)	(275,295)
	24,689,328	27,699,359	25,585,050	28,311,081
Total - Assets on repurchase agreements	31,916,736	69,007,425	32,812,458	69,619,147

(b) The movement on the general provision account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of the period	269,069	127,153	275,295	127,153
(Write-back)/provision during the period (see Note 11a(iii))	(35,924)	141,916	(35,924)	148,142
Balance, end of period	233,145	269,069	239,371	275,295

(c) The gross value of assets under repurchase agreements comprise:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Treasury bills	5,000	6,274,187	5,000	6,274,187
FGN bonds	6,700,000	36,800,000	6,700,000	36,800,000
Commercial bills	25,450,600	28,677,702	26,352,548	29,295,237
Total assets on repurchase agreement	32,155,600	71,751,889	33,057,548	72,369,424

(d) The classification of commercial bills by performance is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Non-performing				
- Substandard	2,395,603	1,358,812	2,395,603	1,358,812
- Lost	19,864	406,898	19,864	406,898
Performing	23,035,133	26,911,992	23,937,081	27,529,527
	25,450,600	28,677,702	26,352,548	29,295,237

(e) Analysis by security of gross value of commercial bills on repurchase agreement is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Secured by shares of quoted companies	1,992,230	2,660,059	1,992,230	2,660,059
Secured against real estate	2,471,470	2,114,831	2,471,470	2,114,831
Otherwise secured	20,967,036	23,898,868	21,868,984	24,516,403
Unsecured	19,864	3,944	19,864	3,944
	25,450,600	28,677,702	26,352,548	29,295,237

(f) Analysis by maturity of gross value of assets on repurchase agreement is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
0 - 30 days	7,152,695	14,434,864	8,054,643	15,052,398
1 - 3 months	58,133	2,066,546	58,133	2,066,546
3 - 6 months	1,971,489	6,087,500	1,971,489	6,087,500
6 - 12 months	6,694,539	14,044,803	6,694,539	14,044,803
Over 12 months	16,278,744	35,118,177	16,278,744	35,118,177
	32,155,600	71,751,890	33,057,548	72,369,424

(g) Liabilities on repurchase agreements comprise:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Treasury bills				
* Banks	5,000	6,274,187	5,000	6,274,187
FGN bonds				
* Banks	6,700,000	36,800,000	6,700,000	36,800,000
Commercial bills				
* Banks	59,624	546,199	59,624	546,199
* Non-bank financial institutions	14,114,702	18,578,995	15,016,650	18,578,995
* Corporates	1,371,130	818,532	1,371,130	818,532
* Telecoms	4,085,905	3,608,675	4,085,905	3,608,675
* Others	5,819,239	5,125,302	5,819,239	5,742,836
	25,450,600	28,677,703	26,352,548	29,295,237
Total liabilities against repurchase agreement	32,155,600	71,751,890	33,057,548	72,369,424

(h) Analysis by maturity of liabilities on repurchase agreement is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
0 - 30 days	16,323,160	65,190,688	17,225,108	65,808,222
1 - 3 months	15,825,656	6,467,750	15,825,656	6,467,750
3 - 6 months	6,784	93,452	6,784	93,452
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
	32,155,600	71,751,890	33,057,548	72,369,424

11 Investment securities (product/ sectoral analysis):

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Investment securities comprise:				
Commercial bills (see (a) below)	1,813,738	4,831,882	2,431,478	5,582,244
Trading securities (see (b) below)	422,010	521,670	422,010	521,670
Dealing securities	1,091,282	805,781	-	-
Short term investment (see (c) below)	1,722,739	1,825,355	1,722,739	1,825,355
Long term investment (see (d) below)	18,510,970	3,783,067	17,993,503	2,753,859
	23,560,739	11,767,755	22,569,730	10,683,128

(a) The analysis of commercial bills as at end of period is as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Commercial bills - Gross value				
* Banks	1,095,951	69,829	1,095,951	69,829
* Energy	16,031	200,115	16,031	200,115
* Corporate	196,218	3,844,238	830,802	4,878,155
* Non Bank financial institutions	523	7,423	523	7,423
* Telecoms	72,046	23,484	72,046	23,484
* Others	722,715	1,139,455	722,714	1,139,455
	2,103,484	5,284,544	2,738,067	6,318,461
Discount receivable	66,285	8,454	66,285	45,291
Unearned discount	(165,928)	(239,246)	(165,928)	(548,930)
	2,003,841	5,053,752	2,638,424	5,814,822
Provision for risk assets				
Specific (see note (a)(i) below)	(115,191)	(146,525)	(115,191)	(146,525)
Interest in suspense (see note (a) (iii) below)	(29,887)	(6,604)	(29,887)	(6,604)
General (see note (a)(ii) below)	(45,025)	(68,741)	(61,868)	(79,449)
	(190,103)	(221,870)	(206,946)	(232,578)
	1,813,738	4,831,882	2,431,478	5,582,244

(i) The movement on the specific provisions account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
On Commercial bills:				
Balance, beginning of the period	146,525	52,712	146,525	52,712
Allowance during the period	52,463	126,628	52,463	126,628
Write-backs during the period	(83,797)	(32,815)	(83,797)	(32,815)
Balance, end of period	115,191	146,525	115,191	146,525
On Assets on repurchase agreement:				
Balance, beginning of the period	542,780	-	542,780	-
Allowance during the period	241,520	542,780	241,520	542,780
Write-backs during the period	(413,867)	-	(413,867)	-
Balance, end of period	370,433	542,780	370,433	542,780
Total specific provision	485,624	689,304	485,624	689,304

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
(ii) General provision				
Balance, beginning of the period	68,741	38,566	79,449	38,566
(Write-back)/provision during the period	(23,716)	30,175	(17,581)	40,883
Balance, end of period	45,025	68,741	61,868	79,449

(iii) The movement on interest in suspense account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Interest in suspense - Investment securities				
Balance, beginning of the period	6,604	-	6,604	-
Suspended during the period	29,887	6,604	29,887	6,604
Recognised during the period	(6,604)	-	(6,604)	
Balance, end of period	29,887	6,604	29,887	6,604
Interest in suspense - Assets on repurchase agreements				
Balance, beginning of the period	76,797	-	76,797	-
Suspended during the period	122,752	76,797	122,752	76,797
Recognised during the period	(76,797)	-	(76,797)	
Balance, end of period	122,752	76,797	122,752	76,797
	152,639	83,401	152,639	83,401

(iv) (Provisions)/write-backs for risk assets comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Commercial bills:				
- Specific write-backs during the period (see (i) above)	83,796	32,815	83,796	32,815
- Specific provision during the period (see (i) above)	(52,463)	(126,627)	(52,463)	(126,627)
- Write-back/(General provision) during the period (see (ii) above)	23,716	(30,175)	17,581	(40,883)
Assets on repurchase agreements:				
- Specific write-backs during the period (see (i) above)	413,867	-	413,867	-
- Specific provision during the period (see (i) above)	(241,520)	(542,780)	(241,520)	(542,780)
- Write-backs/(General provision) during the period (see note 10b	35,924	(141,916)	35,924	(148,142)
Provisions on doubtful accounts:				
- General (provision)/write-back during the period (see Note 13b below)	(387)	(2,327)	(387)	(2,327)
Provisions on margin accounts:				
- Write back/(Provision) during the period (see Note 12 below)	24,669	(48,684)	-	-
	287,602	(859,694)	256,798	(827,944)

(v) Analysis by security of gross value of commercial bills in investment securities is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Secured by shares of quoted companies	7,770	63,828	7,770	63,828
Secured against real estate	28,530	3,356	28,530	3,356
Otherwise secured	2,044,387	5,196,130	2,678,971	6,230,047
Unsecured	22,796	21,230	22,796	21,230
	2,103,483	5,284,544	2,738,067	6,318,461

(vi) Analysis by performance of gross value of commercial bills is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
Non-performing				
- Substandard	583,256	141,188	583,256	141,188
- Lost	167,875	132,406	167,875	132,406
Performing	1,352,352	5,010,950	1,986,936	6,044,867
	2,103,483	5,284,544	2,738,067	6,318,461

(vii) Analysis by maturity of gross value of commercial bills is as follows:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
0 - 30 days	1,154,436	159,781	1,154,436	159,781
1 - 3 months	168,364	20,141	168,364	20,141
3 - 6 months	28,511	2,625	28,511	2,625
6 - 12 months	606,826	12,396	606,826	12,396
Over 12 months	145,346	5,089,601	779,930	6,123,518
	2,103,483	5,284,544	2,738,067	6,318,461

(b) Trading securities comprise:

	Group 31-Dec-09 ₦'000	**Group 30-Jun-09 ₦'000**	**Company 31-Dec-09 ₦'000**	**Company 30-Jun-09 ₦'000**
FGN Bonds:				
Cost	412,211	514,826	412,211	514,826
Interest receivable	9,799	6,844	9,799	6,844
	422,010	521,670	422,010	521,670

(c) Short-term investments comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
9% 4th FGN Bond 2010 Series	-	1,825,355	-	1,825,355
14% Access Bank Corporate Bond 2010	301,956	-	301,956	-
7% 4th FGN Bond 2010 Series	1,007,328	-	1,007,328	-
8.99% 4th FGN Bond 2010 Series	413,455	-	413,455	-
Federal Government of Nigeria Bonds	1,722,739	1,825,355	1,722,739	1,825,355

The market value of short term investment was N1,722,739,000 (30 June 2009: N1,825,355,000)

(d) Long-term investments

Long-term investments comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Quoted equity investments (see note (i))	12,914	12,914	-	-
Federal government bonds (see note (ii))	13,984,463	757,100	13,984,463	757,100
Other bonds (see note (iii))	4,512,927	3,012,387	4,008,374	1,996,093
Unquoted investments (see note (iv))	666	666	666	666
	18,510,970	3,783,067	17,993,503	2,753,859

(i) Quoted equity investments:

Nigeria International Debt Fund - cost	19,388	19,388	-	-
Provision for diminution in investments (see (a) above)	(6,474)	(6,474)	-	-
	12,914	12,914	-	-

(a) The movement on the provisions for long term investments account during the period was as follows

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	6,474	6,011	-	-
Provisions during the period	-	463	-	-
Balance, end of period	6,474	6,474	-	-

(b) The directors are of the opinion that adequate provision has been made for diminution in the value of long-term investments as at the balance sheet date.

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
(ii) Federal Government bonds:				
9.45% 5th FGN Bond 2013 Series	1,207,259	59,937	1,207,259	59,937
11.99% 3rd FGN Bond 2013 Series	873,408	9,607	873,408	9,607
10.70% 5th FGN Bond 2018 Series	341,003	25,072	341,003	25,072
15% 5th FGN Bond 2028 Series	40,994	47,710	40,994	47,710
12.49% 6th FGN Bond 2029 Series	4,331,286	512,605	4,331,286	512,605
10.5% 5th FGN Bond 2011 Series	738,818	102,169	738,818	102,169
9.92% 6th FGN Bond 2012 Series	327,907	-	327,907	-
10.98% 3rd FGN Bond 2013 Series	1,051,146	-	1,051,146	-
10.5% 5th FGN Bond 2013 Series	1,537,751	-	1,537,751	-
9.2% 4th FGN Bond 2014 Series	103,397	-	103,397	-
9.25% 4th FGN Bond 2014 Series	255,049	-	255,049	-
9.35% 4th FGN Bond 2017 Series	2,607,762	-	2,607,762	-
7% 6th FGN Bond 2019 Series	47,733	-	47,733	-
8.5% 6th FGN Bond 2029 Series	520,950	-	520,950	-
	13,984,463	757,100	13,984,463	757,100
(iii) Other bonds:				
13% 1st Tranche LASG Bond 2014 Series	1,998,018	1,996,093	1,998,018	1,996,093
8.5% GTB Eurobond 2012	504,553	1,016,294	-	-
13.5% GTB Corporate Bond 2014	2,010,356	-	2,010,356	-
	4,512,927	3,012,387	4,008,374	1,996,093
(iv) Unquoted Investments:				
Nigeria Inter Bank Settlement Systems	666	666	666	666
	18,510,970	3,783,067	17,993,503	2,753,859

The market value of long term investment was N18,670,827,406 (30 June 2009: N3,001,701,504)

12 Margin accounts:

(a) Margin accounts comprise:

	Group 31-Dec-09 ₦' 000	Group 30-Jun-09 ₦' 000	Company 31-Dec-09 ₦' 000	Company 30-Jun-09 ₦' 000
Share-backed facilities (see (b) below)	62,041	185,510	-	-
Interest receivable on share-backed facilities	785	1,903	-	-
	62,826	187,413	-	-
Loan loss provision (see (e) below)	(31,808)	(56,477)	-	-
	31,018	130,936	-	-

(b) Share-backed facilities represent the value of credit facilities availed to customers which are backed by shares of companies listed on the Nigerian Stock Exchange.

(c) Analysis by maturity of gross value of margin accounts is as follows:

	Group 31-Dec-09 ₦' 000	Group 30-Jun-09 ₦' 000	Company 31-Dec-09 ₦' 000	Company 30-Jun-09 ₦' 000
Under 1 month	56,142	72,533	-	-
1-3 months	6,684	114,880	-	-
	62,826	187,413	-	-

(d) The gross value of margin accounts by performance is as follows:

	Group 31-Dec-09 ₦' 000	Group 30-Jun-09 ₦' 000	Company 31-Dec-09 ₦' 000	Company 30-Jun-09 ₦' 000
Non-performing			-	-
- Lost	31,503	55,816	-	-
Performing	31,323	131,597	-	-
	62,826	187,413	-	-

(e) The movement on the loan loss provision account during the period was as follows:

	Group 31-Dec-09 ₦' 000	Group 30-Jun-09 ₦' 000	Company 31-Dec-09 ₦' 000	Company 30-Jun-09 ₦' 000
Balance, beginning of period	56,477	7,793	-	-
(Write back)/Provision during the period	(24,669)	48,684	-	-
Balance, end of period	31,808	56,477	-	-

13 Other assets

Other assets comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Prepayments	158,352	171,788	132,972	133,847
Unamortised upfront discount	351,388	139,673	178,139	139,673
Staff advances	299,903	199,544	271,363	174,013
Others	652,704	486,430	338,424	208,762
	1,462,347	997,435	920,898	656,295
Provisions for doubtful accounts (see note (b)) below	(2,714)	(2,327)	(2,714)	(2,327)
	1,459,633	995,108	918,184	653,968

b) The movement on the provisions for other assets account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of the period	2,327	-	2,327	-
Provisions during the period	387	2,327	387	2,327
Balance, end of period	2,714	2,327	2,714	2,327

14 Deferred taxation:

(i) The movement in the deferred taxation account during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	226,340	201,643	75,259	38,298
(Charge)/credit during the period (see Note 7 (b) above)	(26,882)	24,697	(26,719)	36,961
Balance, end of period	199,458	226,340	48,540	75,259

(ii) The analysis of the deferred taxation account is as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Fixed assets	26,182	37,129	(42,646)	(31,862)
General provision on commercial bills	91,186	107,121	91,186	107,121
Unrelieved losses	82,090	82,090	-	-
Provision for gratuity	-	-	-	-
	199,458	226,340	48,540	75,259

15 Investment in subsidiary companies comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
FSDH Asset Management Limited (see (a) below)	-	-	200,000	200,000
Pensions Alliance Limited (see (a) below)	-	-	364,000	364,000
FSDH Securities Limited (see (a) below)	-	-	-	-
	-	-	564,000	564,000

a) Principal subsidiary undertakings:

Country of incorporation	Company name	Nature of business	Percentage of equity capital held 31-Dec-09	Percentage of equity capital held 30-Jun-09	Year end consolidated
Nigeria	FSDH Asset Management Limited	Asset management	99.7	99.7	31-Dec
Nigeria	Pensions Alliance Limited	Pension funds administratio	51.0	51.0	31-Dec
Nigeria	FSDH Securities Limited (indirect)	Stock broking	99.9	99.9	31-Dec

b) The condensed financial data of the consolidated entities is as follows:

	Group Consolidated Position	**Elimination**	**First Securities Discount House Limited**	**FSDH Asset Manageme nt Limited ₦'000**	**Pensions Alliance Limited ₦'000**	**FSDH Securities Limited (indirect) ₦'000**
Condensed profit and loss						
Operating income	4,060,997	(4,673)	3,563,165	90,459	317,094	94,952
Operating expenses	(1,333,654)	4,029	(906,656)	(68,833)	(264,093)	(98,101)
Write-back/(allowance) on assets value	287,602	6,135	256,798			24,669
Profit before tax	3,014,945	5,491	2,913,307	21,626	53,001	21,520
Taxation	(366,883)	(22)	(344,429)	(6,714)	(9,525)	(6,193)
Profit after tax	2,648,062	5,469	2,568,878	14,912	43,476	15,327
Condensed financial position						
Assets:						
Cash and bank	462,824	-	393,829	140	19,835	49,020
Treasury bills	17,193,081	-	17,193,081	-	-	-
Assets on repurchase agreements	31,916,736	(895,722)	32,812,458	-	-	-
Investment securities	23,560,739	(113,188)	22,569,730	290,579	-	813,618
Margin accounts	31,018	-	-	-	-	31,018
Other assets	1,459,633	(11,241)	918,184	214,799	130,892	206,998
Deferred taxation	199,458	-	48,540	-	150,918	-
Long-term investments	-	(504,553)	-	504,553	-	-
Investment in subsidiary	-	(738,367)	564,000	174,367	-	-
Property and equipment	562,735	-	472,206	-	90,529	-
	75,386,224	(2,263,071)	74,972,028	1,184,438	392,174	1,100,654
Financed by:						
Due to banks	26,600,000	-	26,600,000	-	-	-
Liabilities on repurchase agreements	32,155,600	(901,948)	33,057,548	-	-	-
Short term borrowings	-	(634,583)	-	575,030	59,553	-
Other liabilities	870,732	(11,241)	506,217	16,724	40,108	318,924
Taxation payable	836,669	-	754,341	37,429	9,384	35,515
Retirement benefit obligations	358,437	-	327,502	9,365	-	21,570
Capital and Reserves	14,564,785	(715,299)	13,726,420	545,890	283,129	724,645
	75,386,223	(2,263,071)	74,972,028	1,184,438	392,174	1,100,654
Condensed cash flow						
Net cash from operating activities	27,815,730	(617,151)	28,354,884	165,110	52,493	(139,606)
Net cash from investing activities	(15,180,765)	24,947	(15,533,108)	358,581	(31,334)	149
Net cash from financing activities	(978,178)	592,204	(978,178)	(523,551)	(68,653)	-
	11,656,787	-	11,843,598	140	(47,494)	(139,457)

16 Property and equipment

a) The movement in these accounts during the period was as follows:

Group

	Leasehold Improvements ₦'000	Furniture & Fittings ₦'000	Office Equipment ₦'000	Motor Vehicles ₦'000	Work In Progress ₦'000	Total ₦'000
Cost:						
Balance, beginning of period	53,576	114,215	405,490	256,944	-	830,225
Additions	265	1,109	37,760	73,430	217,521	330,085
Disposals	-	-	(55,869)	(28,355)	-	(84,224)
Balance, end of period	53,841	115,324	387,381	302,019	217,521	1,076,086
Accumulated depreciation:						
Balance, beginning of period	39,274	39,109	322,450	124,530	-	525,363
Charge for the period	3,147	10,785	25,309	32,870	-	72,111
Disposals	-	-	(55,768)	(28,355)	-	(84,123)
Balance, end of period	42,421	49,894	291,991	129,045	-	513,351
Net book value:						
Balance, end of period	11,420	65,430	95,390	172,974	217,521	562,735
Balance, beginning period	14,302	75,106	83,040	132,414	-	304,862

b) The movement in these accounts during the period was as follows:

Company

	Leasehold Improvements ₦'000	**Furniture & Fittings ₦'000**	**Office Equipment ₦'000**	**Motor Vehicles ₦'000**	**Work In Progress ₦'000**	**Total ₦'000**
Cost:						
Balance, beginning of period	32,482	94,636	245,978	170,030	-	543,126
Additions	-	-	34,738	43,091	217,521	295,350
Disposals	-	-	(55,724)	(28,354)	-	(84,078)
Balance, end of period	32,482	94,636	224,992	184,767	217,521	754,398
Accumulated depreciation:						
Balance, beginning of	18,979	25,474	206,039	69,519	-	320,011
Charge for the period	2,947	8,621	13,073	21,618	-	46,259
Disposals	-	-	(55,724)	(28,354)	-	(84,078)
Balance, end of period	21,926	34,095	163,388	62,783	-	282,192
Net book value:						
Balance, end of period	10,556	60,541	61,604	121,984	217,521	472,206
Balance, beginning of period	13,503	69,162	39,939	100,511	-	223,115

c) No leased assets are included in the above property and equipment.

d) There were no authorised or contracted capital commitments as at the balance sheet date (30 June 2009: Nil)

17 Due to banks

Due to banks comprise :

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Call	24,000,000	-	24,000,000	-
Term	2,600,000	1,500,000	2,600,000	1,500,000
	26,600,000	1,500,000	26,600,000	1,500,000

18 Other liabilities

a) These comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Accounts payable	391,164	332,386	170,833	-
Accrued expenses and discount payable	309,906	466,393	299,779	460,724
Due to customers	164,610	483,911	30,553	330,168
Others	5,052	47,794	5,052	47,794
	870,732	1,330,484	506,217	838,686

19 Dividend payable

This comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	-	-	-	-
Dividend declared in the period	978,178	698,698	978,178	698,698
Payments during the period	(978,178)	(698,698)	(978,178)	(698,698)
Balance, end of period	-	-	-	-

The dividend was paid to the Company's shareholders net of applicable withholding tax in accordance with the prevailing legislation. The tax withheld was paid to the relevant tax authorities.

20 Retirement benefit obligations

This comprises:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Defined contribution schemes	-	-	-	-
Defined benefit schemes	358,437	227,452	327,502	206,713
	358,437	227,452	327,502	206,713

Movement in the defined contribution liability recognised in the balance sheet:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	-	-	-	-
Payments in the period	(20,038)	(44,359)	(20,038)	(22,720)
Charge for period	20,038	44,359	20,038	22,720
Balance, end of period	-	-	-	-

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

Movement in the defined benefit liability recognised in the balance sheet:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	227,452	139,612	206,713	135,339
Payments in the period	-	(11,620)	-	(15,537)
Charge for the period	130,985	99,460	120,789	86,911
Balance, end of period	358,437	227,452	327,502	206,713

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number years served after an initial qualifying period of 10 years on their terminal emolument of basic salary, transport and housing allowance on the date of disengagement. An independent actuarial valuation is performed annually on the projected unit credit basis to determine the liability at balance date.

The principal actuarial valuation assumptions used are as shown below:

	Group 31-Dec-09	Group 30-Jun-09	Company 31-Dec-09	Company 30-Jun-09
- discount rate	12%	12%	12%	12%
- future salary increases	10%	10%	10%	10%

The assumptions has remained unchanged from the prior financial period ended 30 June 2009. The first assumption of the interest rate of return on fund assets (discount rate) was estimated to be 12% while the projected increase in staff emolument was projected at 10% resulting in a rate of return higher than increase in salary by 2%.

21 Share capital

		Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
a)	**Authorised:**				
	3,100,000,000 Ordinary share of N1 each	3,100,000	3,100,000	3,100,000	3,100,000
	(30 June 2009: 3,100,000,000 Ordinary share of N1 each)				
b)	**Issued and fully paid:**				
	2,794,793,730 Ordinary share of N1 each	2,794,794	2,794,794	2,794,794	2,794,794
	(30 June 2009: 2,794,793,730 Ordinary share of N1 each)				

22 Statutory reserve

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	2,007,532	1,380,535	1,999,226	1,375,698
Transfer from profit and loss account	390,684	626,997	385,332	623,528
Balance, end of period	2,398,216	2,007,532	2,384,558	1,999,226

In accordance with existing legislation, 15% of profit after taxation (30 June 2009: 15%) has been transferred to statutory reserve.

In addition, Pensions Alliance Limited, a subsidiary company in the Group, has transferred 12.5% of profit after taxation to statutory reserve account which is required to be done on an annual basis.

23 Retained earnings

The movement on retained earnings during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	6,335,540	3,823,179	5,802,113	2,967,483
Dividend paid (see note 19 above)	(978,178)	(698,698)	(978,178)	(698,698)
Transfer from profit and loss account	2,236,074	3,211,059	2,183,546	3,533,328
Balance, end of period	7,593,436	6,335,540	7,007,481	5,802,113

24 Revaluation reserve

The movement on revaluation reserve during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	255,222	10,081	-	-
Addition in the period	(153,160)	255,222	-	-
Transferred to profit and loss account	-	(10,081)	-	-
Balance, end of period	102,062	255,222	-	-

Revaluation reserve represents the foreign exchange gain on conversion of a dollar denominated long term investment by FSDH Asset Management Limited, a subsidiary of the group, in the Eurobond issued by GT Bank Plc.

25 Non-controlling interest

The movement on non-controlling interest during the period was as follows:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Balance, beginning of period	115,386	101,788	-	-
Share of profit	21,304	13,598	-	-
Balance, end of period	136,690	115,386	-	-

26 Staff costs

a) Employee costs, excluding executive directors, during the period amounted to:

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
Staff and related costs	672,432	1,144,863	407,803	627,567
Pension costs	32,282	44,359	20,038	22,720
Gratuity costs (see Note 20)	130,985	99,460	120,788	86,911
	835,699	1,288,682	548,629	737,198

b) The average number of persons employed by the Group and company during the period was as follows:

	Group 6 months to 31-Dec-09 Number	Group 12 months to 30-Jun-09 Number	Company 6 months to 31-Dec-09 Number	Company 12 months to 30-Jun-09 Number
Executive	4	3	2	1
Management staff	26	26	17	15
Non management staff	168	168	59	61
	198	197	78	77

c) Higher paid employees of the Group and company, other than directors, whose duties were wholly or mainly discharged in Nigeria received emoluments (excluding pension contributions and other benefits) in the following ranges:

	Group 6 months to 31-Dec-09 Number	Group 12 months to 30-Jun-09 Number	Company 6 months to 31-Dec-09 Number	Company 12 months to 30-Jun-09 Number
Below N 1,000,001	140	169	38	57
N 1,000,001 - N1,010,000	1	-	-	-
N 1,010,001 - N1,090,000	3	5	2	3
N 1,100,001 - N1,170,000	5	2	2	-
N 1,200,001 - N1,290,000	6	2	2	2
N 1,290,001 - N1,490,000	9	3	7	3
N 1,500,001 - N1,790,001	7	2	4	2
N 1,840,001 - N1,850,000	-	-	-	-
N 1,850,001 - N1,890,000	1	1	-	-
N 1,890,001 - N1,970,000	2	1	2	1
N 2,200,001 - N2,410,000	1	1	1	1
N 2,500,001 - N3,900,000	6	6	6	6
N 4,000,001 - N5,000,000	3	3	2	1
Above N5,000,000	14	2	12	1
	198	197	78	77

d) Directors' remuneration was paid in respect of directors of the Company as follows:

	Company 6 months to 31-Dec-09 ₦'000	**Company 12 months to 30-Jun-09 ₦'000**
Fees as directors	18,250	21,000
Other emoluments	5,400	23,555
	23,650	44,555

e) The directors' remuneration shown above (excluding pension and other benefits) includes:

	Company 6 months to 31-Dec-09 ₦'000	**Company 12 months to 30-Jun-09 ₦'000**
Chairman	3,700	7,250
Highest paid director	5,082	7,250

f) Other directors, whose duties were wholly or mainly performed in Nigeria, received emoluments (excluding pension contributions) in the following ranges:

	Company 31-Dec-09 Number	**Company 30-Jun-09 Number**
N 1,000,000 - N 1,500,000	-	-
N 1,500,001 - N 3,000,000	4	-
N 3,000,001 - N 4,000,000	4	3
N 5,000,001 - N 6,000,000	-	6
	8	9

27 Earnings per share for the group and company

Earnings per share has been calculated on profit after taxation for the period based on 2,794,793,730 ordinary shares in issue as at 31 December 2009 (30 June 2009: 2,794,793,730).

28 Cash generated from operations

	Group 6 months to 31-Dec-09 ₦'000	**Group 12 months to 30-Jun-09 ₦'000**	**Company 6 months to 31-Dec-09 ₦'000**	**Company 12 months to 30-Jun-09 ₦'000**
Profit before taxation	3,014,945	4,321,626	2,913,307	4,604,240
Adjustments to reconcile profit before taxation to cash generated from operations:				
- depreciation	72,111	142,170	46,259	85,565
- (Write-back)/provisions on assets (see Note 11a(ii))	(287,602)	859,694	(256,798)	827,944
- provision for long-term investment	-	463	-	-
- unrealised loss on dealing securities	-	219,468	-	-
- provision for retirement benefits	130,985	99,460	120,788	86,911
interest received on long term investments	(27,612)	(302,563)	-	-
- profit on disposal of fixed assets	(2,669)	(6,501)	(1,886)	(5,797)
Operating profit before changes in operating assets and liabilities	2,900,158	5,333,817	2,821,670	5,598,863

Changes in operating assets and liabilities

	Group 6 months to 31-Dec-09 ₦'000	Group 12 months to 30-Jun-09 ₦'000	Company 6 months to 31-Dec-09 ₦'000	Company 12 months to 30-Jun-09 ₦'000
(increase)/decrease in operating assets:				
- Commercial bills	3,073,195	(1,220,794)	3,199,681	(1,981,864)
- Trading securities	(185,843)	969,300	99,660	1,170,317
- Short term investments	102,616	2,177,945	102,616	2,177,947
- Assets on repurchase agreements	37,298,960	(57,023,332)	37,014,960	(57,531,307)
- Margin accounts	124,587	1,371,110	-	-
- Other assets	(464,913)	(138,784)	(264,603)	(112,440)
increase/(decrease) in operating liabilities:				
- Due to banks	25,100,000	(43,940,000)	25,100,000	(43,940,000)
- Liabilities on repurchase agreements	(39,596,290)	58,960,874	(39,311,876)	59,468,436
- Other liabilities	(459,752)	215,477	(332,469)	366,775
	24,992,560	(38,628,204)	25,607,969	(40,382,136)
Cash generated/used in operations	27,892,718	(33,294,387)	28,429,639	(34,783,273)

29 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and nonrestricted balances with the Central Bank of Nigeria, operating account balances with other banks and treasury bills and other eligible bills and comprise:

	Group 31-Dec-09 ₦'000	Group 30-Jun-09 ₦'000	Company 31-Dec-09 ₦'000	Company 30-Jun-09 ₦'000
Cash and bank balances	462,823	652,808	393,829	397,003
Treasury bills (see Note 9)	17,193,081	5,346,309	17,193,081	5,346,309
	17,655,904	5,999,117	17,586,910	5,743,312

30 Related party transactions

During the period, there were transactions conducted with related parties in the normal course of business. The transactions with these institutions were carried out at arm's length and outstanding balance as at period ended 31 December, 2009 are as follo

(a) Commercial bills investment outstanding as at 31 December 2009

Name of company	Relationship	Transactions	Amount (N'000)	Status
Pensions Alliance Limited (PAL)	Subsidiary	Investment in PAL Commercial paper	59,553	Performing
FSDH Asset Management Limited (FAML)	Subsidiary	Investment in FAML Commercial paper	575,031	Performing
			634,584	

(a) Commercial bills liabilities on repurchase agreement outstanding as at 31 December 2009

Name of company	Relationship	Transactions	Amount (₦'000)
FSDH Securities Limited	Subsidiary (indirect)	Liabilities on repurchase agreement	800,681
FSDH Asset Management Limited (FAML)	Subsidiary	Liabilities on repurchase agreement	126,244
KMC Investment Limited	Shareholder	Liabilities on repurchase agreement	23,170
UNICO CPFA Limited	Shareholder	Liabilities on repurchase agreement	200,000
FSDH Staff Cooperative Society	Shareholder	Liabilities on repurchase agreement	416,144
			1,566,239

There are technical management agreements between the Company and FSDH Asset Management Limited (FAML) and FSDH Securities Limited (FSL). The agreement provides for the provision of technical management assistance to FAML and FSL, for a fee of 10% of profit before tax. The sum of N4,674,398 was charged in the period (30 June 2009: Nil). No amount was charged in prior financial period as these companies did not make any profit.

All other transactions between the Company and its controlled entities were carried out at arms length during the period.

31 Contingent liabilities, litigation and claims

The Group has litigation and claims which arose in the normal course of business and they are being contested by the Group. The directors, having sought professional legal counsel, are of the opinion that no significant liability will crystallise from these litigation and therefore no provision is deemed necessary for these legal claims. There were no contingent liabilities requiring disclosure in these financial statements.

32 Compliance with banking regulations

The Company did not contravene any regulation of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria during the period.

33 Assets/funds under management

The Group through its subsidiaries FSDH Asset Management Limited (FAML) and Pensions Alliance Limited (PAL) engage in investment management activities. The aggregate amounts of funds under management which are not included in the balance sheet are as follows:

	31-Dec-09 ₦'000	30-Jun-09 ₦'000
FAML's Assets Under Management	10,317,705	9,329,816
PAL's Assets Under Management	40,997,000	34,000,923
	51,314,705	43,330,739

34 Comparative figures

On 18 January 2010, the Central Bank of Nigeria issued circular BSD/DIR/CEN/CIR/04/004 which requires all banks and discount houses to make certain minimum disclosures in its financial statements. Where necessary, comparative figures have been adjusted to conform to changes in presentation required as a result of compliance with that circular.

35 Reporting period

The Company changed its accounting year end from 30 June to 31 December in compliance with a Central Bank of Nigeria directive. Accordingly, these financial statements cover a period of six months from 1 July 2009 to 31 December 2009, whilst the corresponding balances are for the twelve months ending 30 June 2009.

36 Financial risk management

1.0 The Group's Report on Principal Credit Policies

At FSDH, we maintain a strong and conservative credit culture. This ensures that we strike a balance between asset quality and earnings. To achieve this, we recognize the need for a robust credit administration to influence behaviour as a necessary success factor.

Therefore, our principal credit policies revolve around 3 major areas:

- Portfolio Strategy and planning
- Credit Origination and Maintenance
- Performance Assessment and Reporting

1.2 Credit Portfolio Strategy and Planning

Credit portfolio strategy and planning involves a clear definition and agreement of the following:

- Target credit portfolio structure, analysed by sector, product type, risk rating class, etc.

- The Board-approved risk limits that the Company is willing to permit relative to the Group's risk bearing capacity.

- The target markets and criteria for risk acceptance at the corporate level and across each risk creating business unit.

- The Group's credit portfolio goals and objectives, which should typically cover specific areas such as quality, composition, growth and profitability.

The credit risk portfolio strategy and plan is prepared by the Risk Management department and approved by the Board or the Board Risk Management Committee at the beginning of the financial year.

1.3 Credit Origination and Maintenance

1.3.1 Credit Origination

In originating credit, the Group:

- Adhere to the process for conducting preliminary screening, detailed credit risk analysis, risk rating, approval, and controlled credit availment;
- Adhere to the processes and guidelines for developing credit relationships and creating quality assets in line with the Group's risk management policies;
- Determine the viability of an asset, through analysis, before committing resources to it;
- Ensure that all credit requests are screened against the Group's target market and risk acceptance criteria in order to facilitate early identification of unacceptable risk exposures;
- Ensure that only facility requests that meet the Group's acceptance criteria are processed; and
- Obtain a formal written request for all credit applications.

The minimum data and information requirements for credit facility requests include name, background (for corporate customers), purpose of credit facility, financial statement analysis and cash flow projections, details of existing banking relationships and existing exposure to banks and other financial institutions, particulars of directors and key shareholders of the company, particulars of management including statement of qualification and experience and details of expected repayment sources for all loans and proposed repayment plans.

1.3.2 Credit Analysis

FSDH analyse every credit request in order to determine the credit worthiness of the customer and the ability of the customer to fulfil the loan obligations. The Risk Management department conducts the following assessment of the credit-worthiness of the customer:

a. Analysis of the client's financial position as reflected in financial and cash flow statements, past repayment records, management quality and integrity, as well as relevant industry and macroeconomic data. Appropriate background check are also conducted on the key shareholders and company directors.

b. Group assessment of related customers. This involves aggregating facilities of customers under common control. Control is defined as the ability to substantially influence management decisions and policies arising from representation on the Board of the company.

1.3.3 Credit Evaluation

Credit evaluation shall entails a comprehensive evaluation of data and information as a basis for a decision on the viability, feasibility and overall acceptability of a facility request. Credit evaluation also involves detailed consideration of the customer's credit request, the customer's industry/business, financial position, credit history, management capability, and proposed collateral as a basis for identifying credit risks inherent in the loan request. Credits to related parties are closely analysed and monitored. Related party transactions are reviewed closely by the Board to ensure proper corporate governance. FSDH enforces measures to control or reduce the risks of connected lending.

1.4.4 Credit Risk Rating

All credit requests are rated using FSDH's risk rating model. Credit risk rating is a grade assigned to a loan or a group of loans reflecting its quality. It is categorised into Customer Risk Rating and Facility Risk Rating. The Customer Risk Rating evaluates a client's expected ability to meet its obligations, through analysis of its financial statements and projections, cash flow, management and other customer risk factors. The Facility Risk Rating defines the risk of a specific credit facility by overlaying the Customer Risk Rating with an analysis of factors such as loan structure and collateral. FSDH's risk rating scale ranges from D to Aaa, where D represents a loan of the lowest quality and Aaa represents a loan

1.4.5 Credit Approval

a. The primary outcome of the credit analysis and evaluation is an approval or rejection recommendation of the facility request.

b. All credit facilities are evidenced by a written approval from the appropriate level in line with credit approval authority defined by the Board. FSDH has credit approval guidelines, set approval limits for credit requests, and authorisation structures for approving the excess over the facility and concentration limits as well as other exceptions to the credit guidelines.

c. Upon approval, an offer letter, including detailed terms and conditions, is communicated in writing to the customer.

1.4.6 Maintenance

a. On approval of a facility for a customer, the Group ensures that all necessary documentations are complete before disbursement and if not, that the necessary approvals for deferrals are obtained.

b. The Group carries out all necessary activities to minimise the incidence of decline in credit quality. This requires a proper credit monitoring system that will provide the basis for prompt corrective actions when warning signs indicate a deterioration in the condition of the borrower. It involves such activities as administration of existing exposures, credit file management, collateral management and facility performance monitoring.

In addition to the foregoing, there are policies involving pricing (risk assumed in granting facility requests should be properly priced), credit file management, collateral management, monitoring of the credit portfolio, exposure quality reviews and classification, early alert report system, delinquency management / loan work-out, provision for non-performing facilities, management of classified accounts and credit recovery.

In all these, the ultimate aim is to ensure that we achieve our business objective of maximizing stakeholders' value without jeopardizing our conservative credit culture.

2.0 Methodology of Risk Rating

A key element in the measurement of credit risk is the assignment of credit ratings. All counterparties we deal with are assigned risk grading to determine expected defaults across asset portfolios and risk bands.

The rating model adopted is designed primarily to foster uniformity in the parameter for arriving at an opinion of the credit worthiness of different entities within different industries. It reduces to the minimum, the subjective input by the analyst. This credit rating philosophy ensures a consistent and high level of accuracy in measurement of degree of credit risk in credit exposures.

The risk ratings attributed to counterparties are based on a combination of parameters which cover business risks, financial risks as well as management and ownership.

a. All counterparties for which FSDH has credit/facility limits in place are assigned a credit rating. This rating, which is forward looking and thus predictive in nature is also discriminatory in terms of its ability to rank different entities.

b. As part of the credit risk mitigation analysis, FSDH also assigns facility ratings arising from exposure/facility specific factors such as collateral. This is usually considered in the overall mix of credit risk mitigation analysis. This however, does not change the obligor rating. A facility rating is facility specific.

c. Pricing must be based on the risk grades assigned to the counterparty as the risk assumed in granting credit must be appropriately priced.

In terms of outlook, however, FSDH is currently scouting for an international rating agency's analytical software to standardize our current internal ratings model.

3.0 Enterprise Risk Management Review

At FSDH, we know that every financial, operational or strategic decision we make may either adversely affect or strengthen our ability to meet our organizational objectives. We are also aware of the need to balance the contradictory pressures for greater entrepreneurialism and losses from downside risks. Thus, we see risk as the level of exposure – opportunity, threat, and uncertainty- that we must identify, understand, measure and effectively manage, as we execute our strategies to achieve our business objectives and create value.

For our Group to be successful in the long term, we must manage all sources of opportunity and threat effectively.

3.1 Risk Management Philosophy and Culture

Our risk management philosophy and culture are the set of shared beliefs, values, attitudes and practices that govern how we consider the risk inherent in our business activities, from strategy development and implementation to our day-to-day activities.

Our risk philosophy is conservative. We believe that a sound risk management system is the foundation for building a vibrant and viable financial institution. We therefore adopted an enterprise-wide approach to risk management, where key risks, financial and non- financial, from all areas of the business are managed within the context of the Group's risk appetite (i.e. the level of risk we are willing to accept).

3.1.1 Risk Management Culture

Consequent upon our risk management philosophy, we strive to entrench the following attributes as guiding principles of our risk culture:

a. FSDH insists on a robust risk management governance structure that enables us to manage all major aspects of our activities through an integrated planning and review process which includes strategic, financial, customer and risk plannir

b. Our Board and senior management insist on establishing and promoting a strong culture of adherence to limits in managi risk exposure.

c. Risk management in our Group is governed by formally documented and defined policies and procedures, which are clearly communicated to all.

d. We avoid products, businesses and markets that we do not fully understand or for which we cannot reasonably and objectively measure and manage their associated risks.

e. We strive to maintain a balance between risk/opportunity and revenue consideration with our risk appetite. Thus, risk-related issuesare considered in all our business decisions.

f. We create and evaluate business unit and enterprise risk profiles to consider what is best for our individual business units and our Group as a whole.

g. Our risk officers are empowered to perform their duties professionally and independently within clearly defined authoritie

h. Staff are encouraged to disclose inherent risks and actual losses openly, fully and honestly.

i. We create a process for institutionalising the lessons learned from risk events and will penalise negligent recurrence.

j. We have zero tolerance for breach of laws and regulations.

k. We have zero appetite for associating with disreputable individuals and organisations.

3.2 Risk Management Strategy

Our strategy for managing risk is to establish and sustain a robust ERM framework that is embedded in our processes and is technology enabled (as far as possible), with emphasis on protecting us from risk while maintaining profitability and shareholder value.

3.3 Scope of Risks

The scopes of risks we manage are as follows:

i) Liquidity risk
ii) Credit risk
iii) Information systems/Technology
iv) Market risk
v) Regulatory compliance
vi) Macroeconomic risk
vii) Human resources risk
viii) Operational risk
ix) Strategy execution

3.4 Risk Appetite

Our risk appetite articulates the quantum of risk we are prepared to accept or tolerate in pursuit of our strategic business objectives. The Risk Management department periodically recommends specific measures relating to these parameters to the Board (or its committees) for approval. The parameters listed below guide our risk appetite:

3.4.1 Financial

a. Financial and prudential ratios set at par with statutory requirements and better than the average of benchmarked financial institutions.
b. Capital-at-risk driven by the Group's shareholder value creation objectives.
c. Earnings variance per business division or subsidiary.
d. Capital adequacy set at par with regulatory limits.

3.4.2 Credit

a. Asset quality, measured by the ratio of non-performing loans to total loans.
b. Maximum credit exposure per industry, product, obligor, rating bucket and geographic location.
c. Zero tolerance for undisciplined lending.

3.4.3 Reputational

a. Favourable reports from the auditors and external rating agencies.
b. Zero tolerance for any utterance (by directors or employees) that may impact negatively on the Group's operations.
c. Zero appetite for association with disreputable individuals and organisations.
d. Zero appetite for unethical or illegal and/or unprofessional conduct by our directors, executive management and staff.

3.4.4 Ratings

We aim to achieve consistently good ratings issued by domestic or internationally recognised rating agencies. The ratings must reflect sound financial asset quality, strong liquidity position, strong capital adequacy level, strategic positioning in the fundamentals, excellent economy and potential for superior earnings.

3.4.5 Customer Service

a. Acceptable customer attrition level as defined by the Board.
b. Minimum acceptable proportion of satisfied customers from feedback surveys.
c. Acceptable complaints volume.

3.4.6 Regulatory

a. Maximum amount or number of sanctions by the CBN and other regulatory agencies.
b. Zero tolerance for infractions and non-compliance with laws.

3.4.7 Operational

a. Zero tolerance for fraud.
b. Percentage of earnings reduction or losses due to operational deficiencies.

3.4.8 Market

a. Ratio of Rate-Sensitive Assets (RSA) to Rate-Sensitive Liabilities (RSL)
b. Interest Rate Gap Limit [i.e. (RSA less RSL) to Total Assets]
c. Value-at-Risk (VaR) limits
d. Concentration limits
e. Stop-loss limits
f. Profit-take limits
g. Trading limits

3.4.9 Liquidity

a. Liquidity ratio set at par with regulatory limits
b. Total deposits/Total assets
c. Large fund providers/Total deposits
d. Liquid assets/Total deposits
e. Duration of liquid assets
f. Non-earning liquid assets/Total liquid assets
g. Cash/Total deposits
h. Fixed Assets/Shareholders funds
i. Total Loans/Total deposits
j. Total earning assets/Total assets
k. Percentage of risk assets below prime
l. Off balance sheet items/Total balance sheet footing
m. Capital adequacy
n. Aggregate large credit/shareholders funds

Senior management usually proposes a well articulated risk appetite position and recommends it to the Board for approval annually or as may be required. It also establishes a process for allocating the appetite among the business units and subsidiaries and reporting against these limits.

3.5 Risk Oversight

The Risk Management department provides central oversight of risk management activities across the Group to ensure that the full spectrum of risks we face is properly identified, measured, monitored and controlled. It also co-ordinates the monitoring and reporting of all risks across the Group to ensure that the full spectrum of risks we face is properly identified, measured, monitored and controlled. The Risk Management department is complemented by other departments

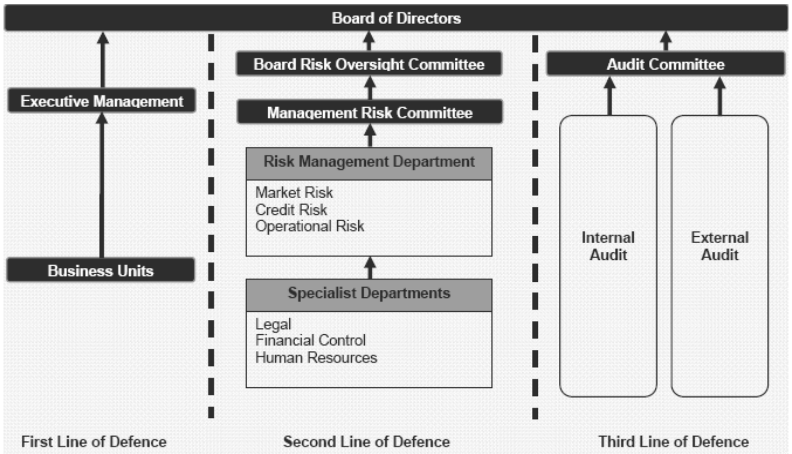
See table below for a listing of these risks and units responsible for managing them.

Risks and Responsible Departments

S/N	Risk	Risk Owners
1	Liquidity	Dealing
2	Credit	Risk Management
3	Information security/technology	IT
4	Market	Dealing, Risk Management
5	Regulatory compliance	FINCON, Risk Management
6	Macroeconomic	EXCO
7	Human resource	HR/Admin
8	Internal fraud	EXCO
9	Clients, Products and Business Pract	Business Units
10	Execution, Delivery and Process Ma	Operations, Internal Audit
11	Management fraud	Managing Director
12	Industry	EXCO
13	Product development	Heads of Business units, EXCO, Managing Director
14	Legal	Outsourced to Udo Udoma Belo-Osagie (UUBO), The Company's Solicitors
15	External fraud	EXCO, IT, Internal Control/Audit
16	Country/Political	EXCO
17	Capital availability	Board
18	Strategic execution	EXCO
19	Business model	Board/EXCO
20	Environmental scan	EXCO
21	Infrastructure failure and business di	HR/ADMIN, Internal Audit and IT
22	Documentation	Operations
23	Health, Safety and Environment	HR/ADMIN
24	Competitor	EXCO
25	Damage to Physical Assets	HR/ADMIN
26	Organisational structure	EXCO

3.6 Risk Management Governance Structure

Our risk management framework is designed based on "the three line of defence" model



3.6.1 First line of defence - Risk Management and Ownership

This consists of business units and line functions with primary responsibility for risk management. The process for assessing evaluating and measuring risk is integrated in their daily activities. The primary responsibilities and objectives of the first line of defence include:

a. identifying, reporting and prioritising existing and emerging risks;

b. implementing the Group's policies and managing daily risk exposures by using appropriate procedures and internal controls; and

c. identifying risk events and losses, reporting and escalating material risks and implementing remedial actions to address these issues.

3.6.2 Second line of defence – Risk Oversight

The second line of defence comprises all business units and functions responsible for providing independent risk oversight, monitoring and challenge of the effectiveness of the Group's risk management processes. They provide support, training and counsel to business units in relation to risk management and report on risk management activities to the various risk committees.

The primary responsibilities and objectives of this line of defence are to:

a. establish risk policy, standards and limits and monitor adherence;

b. provide risk oversight and independent reporting to executive management and the Board;

c. assist the first line of defence in implementing the Group's risk management framework and policy;

d. establish a measurable and systematic process for risk assessment and governance reporting;

e. ensure the effectiveness of risk management activities and allocate resources to execute risk management initiatives;

f. provide analytics, guidance and coordination among diverse business units; and

g. provide independent review and report on the effectiveness of the risk management policy as implemented by the first line of defence.

3.6.3 Third line of defence – Assurance functions

The third line of defence comprises functions with primary responsibility for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of the Group's overall risk management framework, policy and actions. Specifically, this line of defence performs the following functions:

a. assess the adequacy and effectiveness of the Group's risk management and control framework; and

b. Monitor compliance of business units and support functions with the risk policies and procedures

4.0 The Group's Report on Credit Risk
Overview

As a financial institution that engages in the buying and selling of securities such as government securities, commercial papers, bankers' acceptances and promissory notes, FSDH does not accept deposits nor grant commercial loans and overdrafts like a conventional commercial bank. Credit risk represents the loss that FSDH would incur if a trading counterparty (such as a bank, corporate, individual or sovereign) or an issuer of securities or other instruments the Group holds fails to perform under its contractual obligations or upon deterioration in the credit quality of third parties whose

4.1 Types of Credit Risk

The Group's exposure to credit risk principally arises through our trading, investing and financing activities and is generally of two forms: default risk and settlement risk.

4.1.1 Default Risk

This is the risk that a security's issuer will default in making its promised interest and principal payments to the buyer of the security.

4.1.2 Settlement Risk

Settlement risk is a form of credit risk that arises when one party fails to deliver the terms of the contract with another party at the time of settlement. It is the risk of loss due to failure of the counterparty to honour its obligation to deliver cash, securities or other assets as contractually agreed.

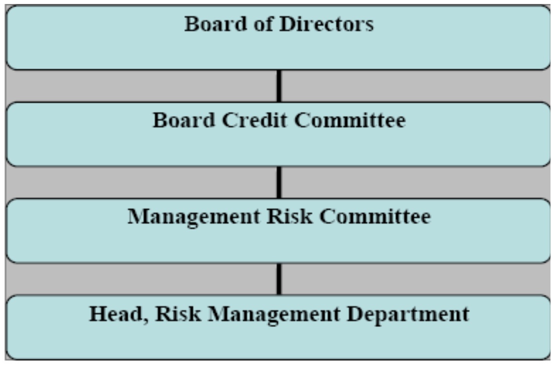
4.1.3 Objectives of Credit Risk Management

FSDH manages its credit risk to ensure that growth, consistent returns and capital are not jeopardised. The Group's credit risk management framework seeks to reduce volatility in its operating performance and lower the cost of equity by managing risks both within and across businesses. The Group shall limit its credit and overall risk profile by diversifying risk and revenue sources, as well as growing its fee based and recurring revenues. Other credit risk management objectives include closely monitoring risk-taking and long-term exposure to illiquid assets.

FSDH shall continually look for opportunities to strengthen its credit risk controls, with particular attention on avoiding undue concentrations.
At all levels of the Group, sound corporate governance and oversight policies and employee integrity shall continue to be recognised as critical to effectively manage credit risk and protect the interests of shareholders.

4.1.4 Credit Risk Governance

The figure below illustrates the FSDH credit risk governance structure.



Board of Directors: Roles and Responsibilities

- Approve the Group's credit risk management framework and periodically review the framework to ensure its relevance and effectiveness.
- Approve credit portfolio strategy, credit appetite and tolerance in line with corporate strategy.
- Ensure that senior management performs its risk management responsibilities.
- Review the various credit risk reports and direct appropriate actions.
- Ensure that detailed policies and procedures for creating, managing and recovering of credit risk exposure are in place.
- Appoint Credit Officers and delegate approval authorities to individuals and committees.

Board Credit Committee: Roles and Responsibilities

- Approve credit risk management policies and standards on the recommendation of the Management Risk Committee and Management Executive Committee.
- Approve definition of risk and return preferences and target risk portfolio.
- Approve credit products and new processes.
- Approve assignment of credit approval authority on the recommendation of the Management Risk Committee and ManagementExecutive Committee.
- Approve changes to credit policy guidelines on the recommendation of the Management Risk Committee.
- Approve credit facility requests and proposals within limits defined in the Group's credit policy.
- Recommend credit facility requests which are above stipulated limits to the Board.
- Make recommendations to the Board on policy and strategy where appropriate.
- Ensure that the Group's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through periodic review of credit risk reports.
- Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge function to carry out the risk management.
- Ensure that the Group implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk.
- Approve charge-off, in excess of the limits delegated to Management.

Management Risk Committee: Roles and Responsibilities

- Approve credit requests from clients in line with the defined approval limits.
- Recommend credit requests in excess of the committee's authorisation limits to the Board Credit Committee for approva
- Review and recommend changes to the credit risk management policy for the approval of the Board Credit Committee.
- Review the credit portfolio plan/strategy prepared for the year and recommend to the Board Credit Committee for approval.
- Review the reports on the actual credit portfolio and determine adherence with the defined credit portfolio plan and appetite for credit risk.
- Review monthly credit risk reports and remedial action plans.
- Coordinate the Group's response to material events that may have an impact on the credit portfolio.
- Approve bad debt write-off requests for amounts within its delegated authority limits.

Head, Risk Management: Roles and Responsibilities

- Responsible for the management of credit risk in the Group.
- Identify inherent credit, financial and business risks in facility requests.
- Conduct analysis and appraisals of all credit requests in accordance with approved credit policies and procedures and ensure that credit exposures are created subject to stipulated guidelines.
- Conduct risk acceptance evaluation.
- Recommend approval /rejection of credit request.
- Document individual credit exposures and maintain complete, up-to-date and accurate records of all credit-related customer interactions including requests, approvals, transactions and correspondence.
- Perform ongoing assessment and classification of the quality and performance of the Group's risk asset portfolio.
- Carry out timely, accurate and complete analysis of risk assets to determine the quality and performance of the portfolio and provide informed basis for management actions and decisions.
- Recommend improvement to the credit policy guidelines and processes.
- Ensure that credit files are neatly organised, cross-indexed, and safe from unauthorised removal.
- Review documentation of risk assets' collateral to ensure proper execution of the document and enable the Group create a charge.
- Ensure completeness of all due diligence and security documentation before signing off for availment.
- Oversee recovery of classified nonperforming assets.
- Identify and follow-up on accounts listed on the watch list.

Ø Identify causes of non-performing credits with a view to forestalling future occurrences.

Ø Ensure all tangible collaterals are valued and are adequate to cover the Group's exposure.

Ø Monitor performance (early warning signals) of all risk assets and promptly recommend appropriate action to Manageme

Ø Monitor and review the pricing of credit facilities and ensure that all fees and charges are collected as approved.

Ø Ensure that credit risk control limits are adhered to.

Ø Evaluate the credit risks inherent in new securities/products.

Ø Prepare various reports to management and the Board of Directors.

4.2 The Group's Risk Rating Scale and Its External Rating Equivalent

At FSDH all credit requests are rated using FSDH's internal risk rating model. Credit risk rating is a grade assigned to a loan or a group of loans reflecting its quality. It is categorised into Customer Risk Rating and Facility Risk Rating. The Customer Risk Rating evaluates a client's expected ability to rating and facility risk rating. The Customer Risk Rating evaluates a client's expected ability to meet its obligations, through analysis of its financial statements and projections, cash flow, management and other customer risk factors. The Facility Risk Rating defines the risk of a specific credit facility by overlaying the Customer Risk Rating with an analysis of factors such as loan structure and collateral. FSDH's risk rating scale ranges from D to Aaa, where D represents a loan of the lowest quality and Aaa represents a loan of the highest quality. In terms of comparison with external rating equivalents, it is pertinent to note that ours compares favourably with that of Agusto & Co.

Group's Internal Rating	Group Score	Description of the Grade	Agusto Score	External Rating: Agusto Equivalent
AAA	85 - 100	Investment Grade	89 - 100	AAA
AA	70 - 84.9	Investment Grade	80 - 89	AA
A	60 - 69.9	Investment Grade	70 - 79	A
BBB	55 - 59.9	Investment Grade	60 - 69	BBB
BB	50 - 54.9	Speculative Grade	50 - 59	BBB
B	47.5 - 49.9	Speculative Grade	40 - 49	B
C	< 47.4	Junk Grade	< 40	CCC
D		In Default		D

4.3 The Group's Credit Risk Control and Mitigation Policy

4.3.1 Authority Limits on Credits

The medium by which limits for banks and issuers are created is the credit appraisal (CA). A signed CA must evidence all types of credit lines existing. The Board of Directors of FSDH has the mandate to grant credit approval authority to designated officers of FSDH.

All credits in FSDH are rated using our internal rating model. As part of the credit appraisal process, such rating is usually also compared and evaluated against published ratings of external rating agencies. These ratings apart from assisting us in determining values of credit to be advanced to an obligor also guide management and board on authority limits for credits in general.

This laid down authority governs credit extension. The limit set by the Board is as indicated below.

Aaa-Aa – Senior Management
A-Bbb – Senior Management + Board Credit Committee (BCC)
Bb- B – Senior Management + Board Credit Committee + Chairman

In terms of volumes, the grid is as indicated below;

Up to 25% of our Single Obligor Limit	- Senior Management
Up to 66% of our Single Obligor Limit	- Management & BCC
Up to 100% of our Single Obligor Limit	- Management, BCC, and Chairman, FSDH

It is pertinent to state that these limits are reviewed from time to time as the circumstances of the Group demand.

4.3.2 Collateral Policies

To minimise the risk of credit loss to the Group in the event of a decline in quality or delinquency, FSDH ensures that all credit exposures have appropriate collateral. Security documents are reviewed to ensure the continuous enforceability of contracts, collateral and guarantees. Also, all securities held against credit exposures are reviewed regularly to ensure there is no diminution in value and where this has occurred, that appropriate steps are taken to shore up such positions to acceptable levels. This is done throughout the life of the credit.

5.0 The Group's Provisioning Policy

The Group makes adequate provisions for perceived losses based on the credit portfolio classification system. The two types of provisions that we make are specific and general provisions. Specific provisions are made on the basis of perceived risk of default on specific credit facilities, while general provisions are made in recognition of the fact that even performing credits harbor some risk of loss, no matter how small.

The Group makes specific provisions for non-performing credits (defined in line with the prudential guidelines) as specified below:

Period Principal/Interest have been outstanding	Classification	% Provision Required
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

The Group also makes a general provision of at least 1% of the risk assets not specifically provided for.

5.1 Risk Asset Analysis by Performance

Summary of the Group's Credit Facilities Portfolio

	31-Dec-09 ₦' 000	30-Jun-09 ₦' 000
Performing	24,387,485	31,922,942
Non- Performing		
- Substandard	2,978,859	1,500,000
- Doubtful	-	-
- Lost	187,739	539,304
	27,554,083	33,962,246

Analysis of non-performing facilities (by industry) to customers in the following order:

	31-Dec-09	30-Jun-09
	₦' 000	₦' 000
Capital Market	22,762	453,096
Manufacturing	3,123,939	1,566,311
Real Estate and Construction	-	-
Finance and Insurance	19,897	19,897
	3,166,598	2,039,304

Analysis of non-performing facilities (by industry) to customers in the following order:

	31-Dec-09	30-Jun-09
	₦' 000	₦' 000
South South	1,567,789	1,566,311
South West	1,598,809	472,993
	3,166,598	2,039,304

Concentration of risks of financial assets with credit risk exposure by geographical sectors

31 December 2009

	Due from Banks	Debt Instrument	Total
	31-Dec-09	31-Dec-09	31-Dec-09
	₦' 000	₦' 000	₦' 000
South South	-	1,500,000	1,500,000
South West	19,897	26,034,186	26,054,083
	19,897	27,534,186	27,554,083

30 June 2009

	Due from Banks	Debt Instruments	Total
	30-Jun-09	30-Jun-09	30-Jun-09
	₦' 000	₦' 000	₦' 000
South South	-	1,500,000	1,500,000
South West	19,897	32,442,349	32,462,246
	19,897	33,942,349	33,962,246

Concentration of risks of financial assets with credit risk exposure by industry sectors

31 December 2009

	Due from Banks	Debt Instruments	Total
	31-Dec-09	31-Dec-09	31-Dec-09
	₦' 000	₦' 000	₦' 000
Conglomerate	-	5,500,000	5,500,000
Finance and Insurance	19,897	8,687,488	8,707,385
Manufacturing	-	5,351,698	5,351,698
Oil and gas	-	2,000,000	2,000,000
Real estate and construction	-	2,500,000	2,500,000
Telecoms	-	3,495,000	3,495,000
	19,897	27,534,186	27,554,083

30 June 2009

	Due from Banks	Debt Instruments	Total
	30-Jun-09	30-Jun-09	30-Jun-09
	₦' 000	₦' 000	₦' 000
Conglomerate	-	8,500,000	8,500,000
Finance and Insurance	19,897	3,245,537	3,265,434
Manufacturing	-	4,757,553	4,757,553
Oil and gas	-	5,000,000	5,000,000
Real estate and construction	-	625,000	625,000
Telecoms	-	11,814,259	11,814,259
	19,897	33,942,349	33,962,246

Analysis of credit facilities (by portfolio distribution and risk rating) to customers in the following order:

	31-Dec-09	30-Jun-09
	₦' 000	₦' 000
AAA to AA-	11,948,604	12,354,964
A+ to A-	7,303,229	7,154,545
BBB+ to BB-	596,527	277,647
Below BB-	7,705,723	14,175,090
	27,554,083	33,962,246

6.0 The Group's Report on Liquidity Risk Management

Liquidity risk is one of the key risks we contend with at FSDH. This is the risk that FSDH would be unable to meet its obligations as they become due. It occurs when the cushion provided by liquid assets is not sufficient to meet outstanding obligations. Liquidity risk does not occur in isolation; it is often triggered by consequences of other financial risks like credit risk and market risk such as interest rate risk, foreign exchange risk and security price risk.

6.1 Liquidity Risk Strategy

The Group's strategies for the management of liquidity risk are as follows:

a. A well defined asset and liability mix – This shows the proportion of each asset and liability component that the institutio shall hold at all times;

b. An unrestricted access to financial markets to raise funds – Management ensures that FSDH has sufficient and unhindere access to funding sources in from a range of the financial markets. The strategy outlines the following:

- Procedures to ensure that market access is actively managed on an ongoing basis
- Procedures to establish and maintain relationships with fund providers
- Accessibility to financial markets and the availability of funding in normal and stressed conditions
- Procedures for monitoring funding concentration

c. Diversification and maintenance of a well-diversified and stable funding base – This requires a clear definition of the maximum levels of funding concentrations in terms of volume and sector. Specifically, limits are set for each source of funds in order to avoid undue reliance on large individual depositors.

d. Maintenance of a sufficient stock of liquid assets without impinging profitability – The Group endeavours to strike an adequate balance and adequate liquid assets are maintained. The Group also ensures that it meets CBN's minimum liquid ratio at all times.

e. Limits on maturity mismatches. The Group clearly specifies the limits to maturity mismatches in its books.

f. Approach to building an effective contingency funding plan.

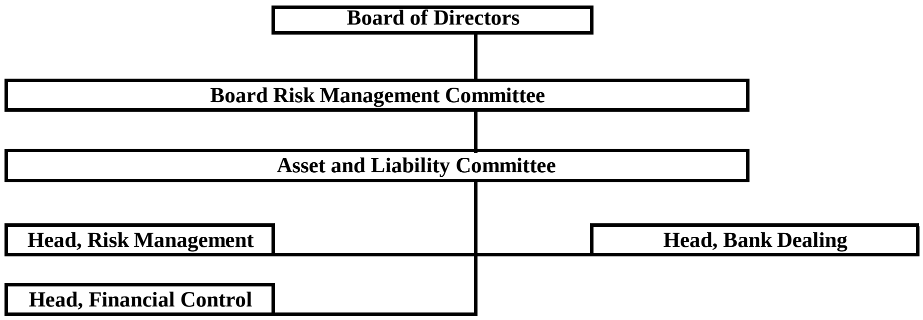
g. Establishment of market triggers - Market triggers are internal or external market or economic factors that may indicate a change in liquidity or ability to raise funds from the market. ALCO shall approve the Market triggers as part of the Group's funding and liquidity plan.

h. Establishment of strong and long lasting relationships with fund owners, depositors and other liability holders.

i. Communication of the liquidity risk objectives and control limits to all relevant staff members.

6.2 Liquidity Risk Management Governance Structure

The diagram below illustrates the FSDH liquidity risk management governance structure



At the top of the governance structure is the Board of Directors whose responsibilities for market and liquidity risk are as indicated below:

Ø Approve the Group's market and liquidity risk management framework as well as the strategy and significant policies developed to manage these risks. Review these frameworks at least annually.

Ø Approve the Group's overall risk appetite and tolerance level for managing market and liquidity risk.

Ø Ensure that the Group implements sound principles that facilitate the identification, measurement, monitoring, and contr of market and liquidity risks.

Ø Ensure that there is a management structure in place to execute the market and liquidity risk management strategy effectively.

Ø Ensure that adequate resources (both technical and human) are devoted to managing market and liquidity risks and that top management as well as individuals responsible for managing theses risks possess sound expertise and knowledge to discharge their responsibilities effectively.

Ø Monitor the Management's performance with regard to the management of market risk, and ensure that the level of mark risk is maintained at acceptable levels and is supported by adequate capital.

Ø Set market risk limits and tolerance levels. Market risk limits shall be reviewed at least annually, including those limits relating to volatility of currencies, large exposures to counterparties and changes in the cr worthiness of counterparties.

Ø Ensure that periodic independent review/audit of the market and liquidity risk management process is performed.

Aside from the general Board, there is also the Board Risk Management Committee in the management of Liquidity Risk. Its duties are as set out below.

Ø Approve the Group's Asset and Liability Management (ALM) and money market policies as well as the Group's strategy for the money markets;

Ø Approve strategies regarding the management of liquidity and interest rate risk exposures, and balance sheet managemen

Ø Ensure that the Group's overall liquidity and market risk exposures is maintained at levels consistent with the available c

Ø Approve the Group's investment portfolio and trading strategies;

Ø Approve dealer limits including position, concentration, currency, dealing, gap, total portfolio and counterparty limits;

Ø Review the result of liquidity and market risks stress and back testing;

Ø Ensure adequate evaluation of market risks inherent in new products;

Ø Ensure compliance with statutory and regulatory requirements in relation to liquidity and market risks; and

Ø Approve risk management systems and policies for effective management of interest rate risks.

Apart from the Board and the Board Risk Management Committee, there is also the Asset and Liability Committee. This committee is made up of:

1. Managing Director (MD)
2. The Executive Director (ED)
3. Head of Risk Management
4. Head of Dealing – Head, Naira Desk & Head, Bond Dealing
5. Head of Financial Control
6. Head of Corporate Banking
7. Head of Investors Group
8. Head of Operations

The Asset and Liability Committee has responsibility for the following:

Ø Responsible for the implementation of sound policies and procedures for managing liquidity risk in accordance with the strategic direction and risk appetite specified by the Board.

Ø Review and endorse the Groups funding and liquidity plan .

Ø Develop and implement procedures and practices that translates the Board's goals, objectives, and risk tolerances into operating standards that are well understood by the Group personnel and consistent with the Board's intent.

Ø Ensure adherence to the lines of authority and responsibility that the Board has established for managing liquidity risk.

Ø Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the Group's liquidity risk.

Ø Establish effective internal controls and limits over the liquidity risk management process.

Ø Establish targets for liquidity ratios, review ratios against the targets on a monthly basis and approve activities for rectify any breach of the targets.

Ø Endorse 'Market Triggers' and address 'trip' of Market Triggers, including documentation of decisions and actions.

Ø Establish significant funding source limits and review exposure reports.

Ø Approve activities to rectify any breach of liquidity limits.

Ø Work with the Head, Bank Dealing to determine whether a contingency should be invoked and establish an action plan for resolving the contingency.

In the Liquidity Risk Management process of FSDH, it is pertinent to also know that the Head, Bank Dealing, regularly carries out different activities such as:

Ø Preparing the Funding and Liquidity Plan;

Ø Formulating risk strategy for the money market

Ø Taking appropriate action(s) to regularise limit excesses and breach of liquidity ratio targets;

Ø Reporting liquidity exposures and associated limits and ensure completeness and integrity of all liquidity risk data;

Ø Reviewing liquidity risk reports for reasonableness, consistency and completeness.

Ø Activating the Contingency Funding Plan (if and when required).

The Head of Risk Management equally plays a vital role in the liquidity risk management governance structure. He does this through:

- Ensuring compliance with the liquidity risk management policy and applicable regulatory requirements.
- Establishing liquidity and funding limits and identify exceptions to limits.
- Establishing stress test assumptions, perform stress tests and establish action plans.
- Receiving notification of limit excesses and approve corrective actions.
- Reviewing liquidity ratio targets, actual liquidity ratios and notify ALCO of breaches.
- Maintaining an independent liquidity risk reporting framework.
- Participating in the quality control process by reviewing liquidity risk reports for reasonableness, consistency and completeness.

FSDH, in implementing the Company's risk management policies, ensures that the laid down liquidity risk management process is followed. This process involves identifying and developing early warning indicators of liquidity risk to aid prompt identification. It also involves identifying and measuring liquidity risk through various methods such as Gap Analysis, Ratio Analysis, Maturity Mismatch Analysis, Stress Testing and Scenario Analysis.

Besides identifying and measuring liquidity risk, the liquidity risk management process also entails control mechanisms such as establishing liquidity gap limits, contingency funding plans and internal controls for liquidity risk management.

In addition, the process ensures that liquidity risk is monitored and managed daily through the instrumentality of:

- Market triggers;
- Significant funding sources;
- Maturing profiles of cash flows;
- Concentration in sources and application of funds;
- Intra-group cash flows;
- Volatility of assets and liabilities;
- Impact of external and internal disruptions on cash flows and customers;
- Impact of diminished market confidence in the company and;
- Early placement withdrawals.

6.3 Liquidity Risk Reporting

FSDH ensures the maintenance of an independent liquidity risk reporting framework that consistently communicates liquidity risk information across the group and ensure availability of timely information for liquidity management

The data used to generate the liquidity risk reports are generated from independent support systems (General Ledger). This is usually
supplied by the financial control unit while the Head of Risk Management ensures the completeness and integrity of the

In terms of reports, various reports such as Annual Funding Plan, Liquidity Gap Analysis, Ratio Analysis, Market Trigger, Limits Exception and Excess, Stress Test and Contingency Funding Plan are periodically generated and communicated to the various stakeholders such as ALCO, Senior Management and the Board.

7.0 Summary of maturity profile on Balance Sheet

31 December 2009

ASSETS:	**Up to 1 month** N'000	**1 - 3 month** N'000	**3 - 6 month** N'000	**6 - 12 month** N'000	**1 - 5 years** N'000	**Over 5 years** N'000	**Gross Total** N'000	**Carrying Value** N'000
Cash and bank balances	462,823	-	-	-	-	-	462,823	462,823
Treasury Bills	5,472,000	9,322,907	2,500,000	-	-	-	17,294,907	17,193,081
Assets on repurchase agreements	7,152,695	58,133	1,971,489	6,694,539	14,829,411	1,449,333	32,155,600	31,916,736
Investment Securities	1,322,277	1,091,806	28,511	906,860	2,471,635	16,373,618	22,194,707	23,560,739
Margin accounts	56,142	6,684	-	-	-	-	62,826	31,018
Other assets	9,996	720,764	4,558	7,901	136,389	582,739	1,462,347	1,459,633
Deferred taxation	-	-	-	-	199,458	-	199,458	199,458
Property and equipment	-	585	1,333	5,170	546,878	8,769	562,735	562,735
TOTAL ASSETS	**14,475,933**	**11,200,879**	**4,505,891**	**7,614,470**	**18,183,771**	**18,414,459**	**74,395,403**	**75,386,223**
LIABILITIES:								
Due to banks	26,600,000	-	-	-	-	-	26,600,000	26,600,000
Liabilities on repur. agreements	16,323,160	15,825,656	6,784	-	-	-	32,155,600	32,155,600
Other liabilities	32,484	40,269	531,542	266,437	-	-	870,732	870,732
Dividend payable	-	-	-	-	-	-	-	-
Taxation payable	-	-	-	836,669	-	-	836,669	836,669
Retirement benefit obligations	-	-	-	-	358,437	-	358,436	358,436
TOTAL LIABILITIES	**42,955,644**	**15,865,925**	**538,326**	**1,103,106**	**358,437**	**-**	**60,821,437**	**60,821,438**
GAP	**(28,479,711)**	**(4,665,046)**	**3,967,565**	**6,511,364**	**17,825,335**	**18,414,459**	**13,573,966**	**14,564,785**

30 June 2009

ASSETS:	Up to 1 month N'000	1 - 3 month N'000	3 - 6 month N'000	6 - 12 month N'000	1 - 5 years N'000	Over 5 years N'000	Gross Total N'000	Carrying Value N'000
Cash and bank balances	652,808	-	-	-	-	-	652,808	652,808
Treasury Bills	3,999,396	433,627	940,709	-	-	-	5,373,732	5,346,309
Assets on repur. agreements	14,434,864	2,066,546	6,087,500	14,044,803	32,539,404	2,578,773	71,751,890	69,007,425
Investment Securities	394,848	5,185,315	15,953	2,277,646	1,242,469	3,103,816	12,220,047	11,767,755
Margin accounts	72,533	114,880	-	-	-	-	187,413	130,936
Other assets	46,707	92,145	7,124	360,299	372,637	118,523	997,435	995,108
Deferred taxation	-	-	-	-	226,340	-	226,340	226,340
Invest. in subsidiary companies	-	-	-	-	-	-	-	-
Property and equipment	2	336	442	5,894	297,225	962	304,861	304,862
							-	
TOTAL ASSETS	**19,601,158**	**7,892,849**	**7,051,728**	**16,688,642**	**34,678,075**	**5,802,074**	**91,714,526**	**88,431,543**
LIABILITIES:								
Placements from third parties	1,500,000	-	-	-	-	-	1,500,000	1,500,000
Liab. on repur. agreements	65,190,688	6,467,750	93,452	-	-	-	71,751,890	71,751,890
Other liabilities	244,378	546,512	539,594	-	-	-	1,330,484	1,330,484
Dividend payable	-	-	-	-	-	-	-	-
Taxation payable	-	-	-	573,656	-	-	573,656	573,656
Retirement Benefit Obligation	-	-	-	-	227,452	-	227,452	227,452
TOTAL LIABILITIES	**66,935,066**	**7,014,262**	**633,046**	**573,656**	**227,452**	**-**	**75,383,482**	**75,383,482**
GAP	**(47,333,908)**	**878,587**	**6,418,682**	**16,114,986**	**34,450,623**	**5,802,074**	**16,331,044**	**13,048,061**

The tables above analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

8.0 Capital Management

The Group's objectives in managing Capital are:

1. To comply with the regulatory requirements of the Central Bank of Nigeria

2. To ensure that the group continues as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by ensuring that capital deployed meets our RAAC (risk assessment and acceptance criteria)

Capital adequacy is measured and reported daily to the Central Bank of Nigeria. In addition monthly reports are made. Reporting is made on-line and directly via the e-fass system. This system ensures that there is no manual intervention in the reports uploaded.

As per regulatory requirement, every Discount House is obliged to hold a minimum share capital of N2 billion and maintain a 60/40 ratio of government securities to commercial papers for every liability raised. In addition the minimum requirement of 10% adjusted capital to risk weighted assets is also stipulated for discount houses.

The Group's regulatory capital is managed by both the Financial Control and Risk Management Units and is largely made up of Tier I capital: comprising share capital, retained earnings, and reserves created by appropriations of retained earnings.

The risk weighted assets are measured using the Central Bank of Nigeria's interpretation and ranking of the risk assets.

The ratios below summarises the composition of regulatory capital and the ratios of the group for the period ended 31 December 2009 and 30 June 2009. Over these review periods, the group complied with all the externally imposed capital requirements to which it was and is subject.

Analysis of Regulatory, Capital, Risk-Weighted Assets and Determination of Capital Adequacy ratio

	31-Dec-09	**30-Jun-09**
	₦' 000	**₦' 000**
Tier 1 Capital		
Share Capital	2,794,794	2,794,794
Share Premium	1,539,587	1,539,587
Statutory Reserves	2,398,216	2,007,532
Contingency Reserve	-	-
SMIEIS Reserve	-	-
Bonus Issue Reserve	-	-
Retained Earnings	7,593,436	6,335,540
Goodwill and Intangible Assets	-	-
	14,326,033	12,677,453
Tier 2 Capital		
Preference Shares	-	-
Minority Interest	136,690	115,386
Convertible Bonds	-	-
Revaluation Reserves - Fixed Assets	-	-
Revaluation Reserves - Investment in Subsidiaries	-	-
Translation Reserve	102,062	255,222
General Provision	303,953	357,071
Total Qualifying Tier 2 Capital	542,705	727,679
Total Regulatory Capital	14,868,738	13,405,132

	31-Dec-09	30-Jun-09
	₦' 000	₦' 000
Risk Weighted Assets		
On-Balance Sheet	34,373,700	38,020,235
Off-Balance Sheet	-	-
Total Risk-Weighted Assets	34,373,700	38,020,235
Risk-Weighted Capital Adequacy Ratio	**43%**	**35%**

STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Group 6 months to 31-Dec-09 ₦'000	%	Group 12 months to 30-Jun-09 ₦'000	%
Gross earnings	7,543,490		32,242,419	
Securities trading expenses	(3,482,493)		(24,422,938)	
	4,060,997		7,819,481	
Write back/(allowance) on assets	287,602		(859,694)	
Bought-in materials and services- local	(425,844)		(1,207,309)	
Value added	3,922,755	100	5,752,478	100
Distribution of value added				
To employees:				
Salaries and benefits	835,699	21	1,288,682	22
To government:				
Government as taxes	366,883	9	469,972	8
The future:				
For replacement of fixed assets (depreciation)	72,111	3	142,170	2
Transferred to non-controlling interest	21,304	-	13,598	-
To pay proposed dividend	558,959	14	978,178	17
Expansion (transfer to reserves)	2,067,799	53	2,859,878	51
	3,922,755	100	5,752,478	100

These statements shows the distribution of the wealth created by the Group during the period.

STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Company 6 months to 31-Dec-09 ₦'000	%	Company 12 months to 30-Jun-09 ₦'000	%
Gross earnings	7,102,458		31,413,393	
Securities trading expenses	(3,539,293)		(24,556,004)	
	3,563,165		6,857,389	
Write back/(allowance) on assets	256,798		(827,944)	
Bought-in materials and services- local	(311,768)		(602,442)	
Value added	3,508,195	100	5,427,003	100
Distribution of value added				
To employees:				
Salaries and benefits	548,629	16	737,198	14
To government:				
Taxation	344,429	10	447,384	8
The future:				
For replacement of fixed assets (depreciation)	46,259	1	85,565	2
To pay proposed dividend	558,959	16	978,178	18
Expansion (transfer to reserves)	2,009,919	57	3,178,678	58
	3,508,195	100	5,427,003	100

These statements shows the distribution of the wealth created by the Company during the period.

FIVE YEAR FINANCIAL SUMMARY - GROUP

	6 months to December 31	*12 months to June 30*			
	2009	**2009**	**2008**	**2007**	**2006**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Gross earnings	7,543,490	32,242,419	13,161,533	6,243,103	4,605,010
Securities trading expenses	(3,482,493)	(24,422,938)	(8,608,939)	(3,595,451)	(2,921,315)
Net earnings	4,060,997	7,819,481	4,552,594	2,647,652	1,683,695
Profit before taxation	3,014,945	4,321,626	2,737,993	1,599,490	1,094,287
Taxation	(366,883)	(469,972)	(377,278)	(163,105)	(220,125)
Profit after taxation	2,648,062	3,851,654	2,360,715	1,436,385	874,162
Minority interest	(21,304)	(13,598)	(16,589)	147,989	114,602
Profit attributable to the group	2,626,758	3,838,056	2,344,126	1,584,374	988,764
Earnings per share- adjusted	94k	137k	84k	79k	49k
ASSETS:					
Cash and bank balances	462,823	652,808	1,299,767	290,647	51,819
Treasury bills	17,193,081	5,346,309	35,690,178	17,651,000	27,728,314
Assets on repurchase agreements	31,916,736	69,007,425	12,668,789	31,099,865	27,929,592
Investment securities	23,560,739	11,767,755	18,464,675	16,418,664	7,213,816
Margin accounts	31,018	130,936	1,550,730	1,490,197	-
Other assets	1,459,633	995,108	858,651	1,334,649	1,136,087
Deferred taxation	199,458	226,340	201,643	56,896	25,506
Long-term investments	-	-	114,043	115,304	22,954
Property and equipment	562,735	304,862	293,294	278,746	291,576
	75,386,223	88,431,543	71,141,770	68,735,968	64,399,664
LIABILITIES					
Placements	26,600,000	1,500,000	45,440,000	27,050,000	31,093,547
Liabilities on repurchase agreements	32,155,600	71,751,890	12,791,016	30,575,919	27,936,621
Short term borrowings	-	-	1,454,896	908,491	-
Other liabilities	870,732	1,330,484	1,115,008	2,075,253	810,255
Taxation payable	836,669	573,656	551,274	210,938	252,345
Retirement benefit obligations	358,437	227,452	139,612	110,240	80,916
	60,821,438	75,383,482	61,491,806	60,930,841	60,173,684
NET ASSETS	14,564,785	13,048,061	9,649,964	7,805,127	4,225,980
SHAREHOLDERS' FUNDS:					
Called-up share capital	2,794,794	2,794,794	2,794,794	2,012,500	2,012,500
Share premium	1,539,587	1,539,587	1,539,587	-	-
Deposit for shares	-	-	-	2,321,881	-
Statutory reserve	2,398,216	2,007,532	1,380,535	1,112,703	893,304
Retained earnings	7,593,436	6,335,540	3,823,179	2,270,909	1,283,278
Revaluation reserve	102,062	255,222	10,081		
	14,428,095	12,932,675	9,548,176	7,717,993	4,189,082
Non-controlling interest	136,690	115,386	101,788	87,134	36,898
SHAREHOLDERS' FUNDS	14,564,785	13,048,061	9,649,964	7,805,127	4,225,980

FIVE YEAR FINANCIAL SUMMARY - COMPANY

	6 months to December 31	***12 months to June 30***			
	2009	**2009**	**2008**	**2007**	**2006**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Gross earnings	7,102,458	31,413,393	11,574,738	5,723,610	4,642,555
Securities trading expenses	(3,539,293)	(24,556,004)	(8,608,939)	(3,595,451)	(2,941,599)
Net earnings	3,563,165	6,857,389	2,965,799	2,128,159	1,700,956
Profit before taxation	2,913,307	4,604,240	2,054,405	1,532,245	1,149,521
Taxation	(344,429)	(447,384)	(301,104)	(69,586)	(148,810)
Profit after taxation	2,568,878	4,156,856	1,753,301	1,462,659	1,000,711
Earnings per share- basic	92k	149k	63k	73k	50k
ASSETS:					
Cash and bank balances	393,829	397,003	522,339	200,504	13,728
Treasury bills	17,193,081	5,346,309	35,690,177	17,651,000	27,728,314
Assets on repurchase agreements	32,812,458	69,619,147	12,778,761	31,099,865	27,962,103
Investment securities	22,569,730	10,683,128	17,641,110	15,971,543	7,178,644
Other assets	918,184	653,968	543,856	958,010	587,930
Deferred taxation	48,540	75,259	38,298	23,998	17,392
Investment in subsidiary companies	564,000	564,000	564,000	564,000	404,666
Property and equipment	472,206	223,115	185,571	138,381	114,523
	74,972,028	87,561,929	67,964,112	66,607,301	64,007,300
LIABILITIES					
Placements	26,600,000	1,500,000	45,440,000	27,050,000	31,093,547
Liabilities on repurchase agreements	33,057,548	72,369,424	12,900,988	31,203,662	28,060,792
Other liabilities	506,217	838,686	471,911	724,327	546,910
Taxation payable	754,341	511,386	328,231	76,419	187,506
Retirement benefit obligations	327,502	206,713	135,339	104,608	77,456
	61,245,608	75,426,209	59,276,469	59,159,016	59,966,211
NET ASSETS	13,726,420	12,135,720	8,687,643	7,448,285	4,041,089
SHAREHOLDERS' FUNDS:					
Called-up share capital	2,794,794	2,794,794	2,794,794	2,012,500	2,012,500
Share premium	1,539,587	1,539,587	1,539,587	-	-
Deposit for shares	-	-	-	2,321,881	-
Statutory reserve	2,384,558	1,999,226	1,375,698	1,112,703	893,304
Retained earnings	7,007,481	5,802,113	2,967,483	2,001,201	1,135,285
Revaluation reserve	-	-	10,081	-	-
	13,726,420	12,135,720	8,687,643	7,448,285	4,041,089