

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, 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, 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 year ended 31 December 2011 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.



Dele Alabi

Chairman, Audit Committee

6 March 2012

Members of the Audit Committee are:

1. **Dele Alabi - Chairman**
2. **Vincent Omoike**
3. **Junaid Dikko**
4. **Dan Agbor**

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

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of First Securities Discount House Limited ("the Company") and its subsidiary companies (together "the Group"), which comprise the balance sheets as of 31 December, 2011 and the profit and loss accounts and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that 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 company'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 opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2011 and their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Other Matter

The financial statements of the company and group for the period ended 31 December 2010 were audited by another firm of auditors whose report, dated 29 March 2011, expressed an unmodified opinion on those statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal Requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account;
- iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for deposit money banks issued by the Central Bank of Nigeria;
- v) related party transactions and balances are disclosed in Note 31 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- vi) to the best of our information, the company has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.


**Chartered Accountants
Lagos, Nigeria**

13 March, 2012

