

Notes to the Financial Statements

- 30 June 2009

1 Securities income

Securities trading income comprise income from:	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Government bond	3,497,659	1,128,856	3,497,659	1,128,856
Treasury bills	1,706,285	1,570,495	1,706,285	1,570,495
Commercial bills	25,724,299	8,791,531	26,200,095	8,791,531
	30,928,243	11,490,882	31,404,039	11,490,882

2 Other income

Other income comprise income from:	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Management fees	539,602	640,935	-	-
Brokerage commissions	80,317	251,609	-	-
Interest on margin account	187,207	391,704	-	-
Interest on long term investment	302,563	-	-	-
Securities trading income	-	232,085	-	-
Financial advisory fees	5,100	84,116	-	-
Administration fees	146,163	58,751	-	-
Technical services fee (see note (30))	-	-	-	78,536
Others	53,224	11,451	9,354	5,320
	1,314,176	1,670,651	9,354	83,856

3 Operating expenses

Operating expenses comprise the following:	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Directors' fees and allowances	45,328	19,351	44,555	17,930
Staff and related costs (see note (26)(a))	1,288,682	663,863	737,198	357,004
Depreciation	142,170	123,292	85,565	63,030
Auditors' fees	24,110	19,840	14,700	12,000
Unrealised loss on quoted dealing securities	219,468	-	-	-
Securities trading loss	219,137	-	-	-
Other operating expenses	699,266	950,651	543,187	431,619
	2,638,161	1,776,997	1,425,205	881,583

4 Cash and bank balances

These comprise:	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Cash in hand	156	44	7	6
Balances held with other banks:				
- Current account	651,599	1,299,723	396,996	522,333
- Domicilliary account	1,053	-	-	-
	652,808	1,299,767	397,003	522,339

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5 Assets / liabilities on repurchase agreements

(a) Assets under repurchase agreements comprise:	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Treasury bills				
* Banks	6,274,187	195,000	6,274,187	195,000
Unearned discount	(144,708)	(4,384)	(144,708)	(4,384)
	6,129,479	190,616	6,129,479	190,616
FGN bonds				
* Banks	36,800,000	-	36,800,000	-
Interest receivable	1,022,462	-	1,022,462	-
Unearned discount	(2,643,875)	-	(2,643,875)	-
	35,178,587	-	35,178,587	-

The market value of the bonds at the balance sheet date was N36,277,107,000 (2008: Nil).

Commercial bills				
* Banks	12,650,068	-	12,650,068	-
* Corporates	3,110,650	2,969,000	3,110,650	2,969,000
* Energy	6,207,017	8,363,715	6,207,017	8,473,687
* Non-Bank financial institutions	1,703,486	-	1,703,486	-
* Telecoms	5,006,481	1,263,301	5,624,016	1,263,301
	28,677,702	12,596,016	29,295,237	12,705,988
Discount receivable	186,891	128,607	187,304	128,607
Unearned discount	(276,588)	(119,297)	(276,588)	(119,297)
	28,588,005	12,605,326	29,205,953	12,715,298
Specific allowance for commercial bills	(542,780)	-	(542,780)	-
Interest in suspense	(76,797)	-	(76,797)	-
General allowance for commercial bills (see note (b))	(269,069)	(127,153)	(275,295)	(127,153)
	27,699,361	12,478,173	28,311,081	12,588,145
Total - Assets on repurchase agreements	69,007,426	12,668,789	69,619,147	12,778,761

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of the year	127,153	103,797	127,153	103,797
Provision during the year (see Note 6e)	141,916	23,356	148,142	23,356
Balance, end of year	269,069	127,153	275,295	127,153

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Treasury bills	6,274,187	195,000	6,274,187	195,000
FGN bonds	36,800,000	-	36,800,000	-
Commercial bills	28,677,702	12,596,016	29,295,237	12,705,988
Total assets on repurchase agreement	71,751,889	12,791,016	72,369,424	12,900,988

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Non-performing				
- Substandard	1,358,812	-	1,358,812	-
- Lost	406,898	-	406,898	-
Performing	26,911,992	12,596,016	27,529,527	12,705,988
	28,677,702	12,596,016	29,295,237	12,705,988

(d) Liabilities on repurchase agreements comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Treasury bills				
* Banks	6,274,187	195,000	6,274,187	195,000
FGN bonds				
* Banks	36,800,000	-	36,800,000	-
Commercial bills				
* Banks	546,199	1,503,411	546,199	1,503,411
* Non-bank financial institutions	18,578,995	4,271,247	18,578,995	4,381,219
* Public sector	-	1,771,093	-	1,771,093
* Corporates	818,532	-	818,532	-
* Telecoms	3,608,675	-	3,608,675	-
* FSDH Private clients	-	2,623,045	-	2,623,045
* Others	5,125,302	2,427,220	5,742,836	2,427,220
	28,677,703	12,596,016	29,295,237	12,705,988
Total liabilities against repurchase agreement	71,751,890	12,791,016	72,369,424	12,900,988

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6 Marketable securities (Product/ Sectoral analysis):

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
a) Marketable securities comprise:				
Treasury bills (see (b) below)	5,346,309	35,690,176	5,346,309	35,690,177
Commercial bills (see (c) below)	4,831,882	3,735,076	5,582,244	3,735,076
Dealing securities	805,781	824,232	-	-
	10,983,972	40,249,484	10,928,553	39,425,253

b) The analysis of treasury bills as at year end is as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Treasury bills - Gross value				
* Banks	5,373,732	35,816,621	5,373,732	35,816,621
Discount receivable	77	28,609	77	28,609
Unearned discount	(27,500)	(155,054)	(27,500)	(155,054)
Balance, end of year	5,346,309	35,690,176	5,346,309	35,690,177

c) The analysis of commercial bills as at year end is as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Commercial bills - Gross value				
* Banks	69,829	19,897	69,829	19,897
* Energy	200,115	362,640	200,115	362,640
* Corporate	3,844,238	2,881,538	4,878,155	2,881,538
* Non Bank financial institutions	7,423	-	7,423	-
* Telecoms	23,484	-	23,484	-
* Others	1,139,455	559,479	1,139,455	559,479
Discount receivable	5,284,544	3,823,554	6,318,461	3,823,554
Unearned discount	8,454	38,700	45,291	38,700
	(239,246)	(35,900)	(548,930)	(35,900)
	5,053,752	3,826,354	5,814,822	3,826,354
Provision for risk assets				
Specific (see note (d)(i) below)	(146,525)	(52,712)	(146,525)	(52,712)
Interest in suspense	(6,604)	-	(6,604)	-
General (see note (d)(ii) below)	(68,741)	(38,566)	(79,449)	(38,566)
	(221,870)	(91,278)	(232,578)	(91,278)
Balance, end of year	4,831,882	3,735,076	5,582,244	3,735,076

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d) The movement on the provisions for commercial bills account during the year was as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
i) Specific provision				
Balance, beginning of the year	52,712	66,585	52,712	66,585
Allowance during the year	669,407	-	669,407	-
Write-backs during the year	(32,815)	(13,873)	(32,815)	(13,873)
Balance, end of year	689,304	52,712	689,304	52,712
ii) General provision				
Balance, beginning of the year	38,566	12,284	38,566	12,284
Allowance during the year	30,175	26,282	40,883	26,282
Balance, end of year	68,741	38,566	79,449	38,566

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Commercial bills:				
- Specific write-backs during the year (see (d)(i))	32,815	13,873	32,815	13,873
- Specific provision during the year (see (d)(i))	(669,407)	-	(669,407)	-
- General provision during the year (see (d)(ii))	(30,175)	(26,282)	(40,883)	(26,282)
Assets on repurchase agreements:				
- General provision during the year (see Note 5(b))	(141,916)	(23,356)	(148,142)	(23,356)
Provisions on doubtful accounts:				
- General (provision)/write-back during the year (see Note 10(b))	(2,327)	5,954	(2,327)	5,954
Provisions on margin accounts:				
- Provision during the year (see Note 9(e))	(48,684)	(7,793)	-	-
	(859,694)	(37,604)	(827,944)	(29,811)

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Non-performing				
- Substandard	141,188	-	141,188	-
- Lost	132,406	52,712	132,406	52,712
Performing	5,010,950	3,770,842	6,044,867	3,770,842
	5,284,544	3,823,554	6,318,461	3,823,554

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7 Trading securities

Trading securities comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
FGN Bond				
Cost	514,826	1,650,721	514,826	1,650,721
Revaluation reserve	-	10,081	-	10,081
Interest receivable	6,844	41,266	6,844	41,266
	521,670	1,702,068	521,670	1,702,068

8 Short-term investments

Short-term investments comprises:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
9% 4th FGN Bond 2010 Series	1,825,355	-	1,825,355	-
8.5% 2nd FGN Bond 2008 Series	-	100,000	-	100,000
8.99% 4th FGN Bond 2008 Series	-	300,000	-	300,000
11.5% 2nd FGN Bond 2008 Series	-	500,000	-	500,000
9.45% 5th FGN Bond 2008 Series	-	100,000	-	100,000
10.75% 4th FGN Bond 2008 Series	-	500,000	-	500,000
12.5% 3rd FGN Bond 2008 Series	-	100,000	-	100,000
10.7% 5th FGN Bond 2008 Series	-	200,000	-	200,000
9.2% 4th FGN Bond 2008 Series	-	200,000	-	200,000
12.5% 2nd FGN Bond 2008 Series	-	1,000,000	-	1,000,000
17% 2nd FGN Bond 2008 Series	-	1,000,000	-	1,000,000
15% 3rd FGN Bond 2009 Series	-	3,300	-	3,300
Federal Government of Nigeria Bonds	1,825,355	4,003,300	1,825,355	4,003,300

9 Margin accounts:

(a) Margin accounts comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Share-backed facilities (see (b) below)	185,510	1,525,828	-	-
Interest receivable on share-backed facilities	1,903	32,695	-	-
	187,413	1,558,523	-	-
Loan loss provision (see (e) below)	(56,477)	(7,793)	-	-
Balance, end of year	130,936	1,550,730	-	-

(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.

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

	Group	Group	Company	Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
Under 1 month		72,533	401,948	-	-
1-3 months		114,880	1,153,677	-	-
3 - 6 months		-	2,898	-	-
		187,413	1,558,523	-	-

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

	Group	Group	Company	Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
Non-performing					
- Lost		55,816	-	-	-
Performing		131,597	1,558,523	-	-
		187,413	1,558,523	-	-

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

	Group	Group	Company	Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
Balance, beginning of year		7,793	-	-	-
Provision during the year		48,684	7,793	-	-
Balance, end of year		56,477	7,793	-	-

10 Other assets

Other assets comprise:

	Group	Group	Company	Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
Prepayments		171,788	90,658	133,847	44,027
Accrued discount receivable		-	151,810	-	151,810
Unamortised upfront discount		139,673	36,078	139,673	36,078
Staff advances		199,544	91,077	174,013	82,965
Others		486,430	489,028	208,762	228,976
		997,435	858,651	656,295	543,856
Provisions for doubtful accounts		(2,327)	-	(2,327)	-
		995,108	858,651	653,968	543,856

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

	Group	Group	Company	Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
Balance, beginning of the year		-	(5,954)	-	(5,954)
Provisions during the year		2,327	-	2,327	-
Write-backs during the year		-	5,954	-	5,954
Balance, end of year		2,327	-	2,327	-

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11 Deferred taxation:

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	201,643	56,896	38,298	23,998
Addition during the year (see Note 20 (b))	24,697	144,747	36,961	14,300
Balance, end of year	226,340	201,643	75,259	38,298

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

Fixed assets	37,129	23,038	(31,862)	(28,534)
General provision on commercial bills	107,121	49,467	107,121	49,467
Unrelieved losses	82,090	111,773	-	-
Provision for gratuity	-	17,365	-	17,365
	226,340	201,643	75,259	38,298

12 Investment in subsidiary companies comprises:

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		Year end consolidated
			2009	2008	
Nigeria	FSDH Asset Management Limited	Asset management	99.7	99.7	30-Jun
Nigeria	Pensions Alliance Limited	Pension funds administration	51	51	30-Jun
Nigeria	FSDH Securities Limited (indirect)	Stock broking	99.9	99.9	30-Jun

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

Company name	Total assets	Total liabilities	Net assets	Gross earnings	Profit/(loss) before taxation	Cash and cash equivalents
First Securities Discount House	87,561,929	75,426,209	12,135,720	31,413,393	4,604,240	397,003
FSDH Asset Management Limited	1,807,705	1,123,568	684,137	446,858	(166,257)	-
Pensions Alliance Limited	390,296	149,976	240,320	552,422	40,016	67,329
FSDH Securities Limited	1,086,397	377,080	709,317	305,542	(173,307)	188,476
Eliminations	(2,414,783)	(1,693,351)	(836,819)	(475,796)	16,934	-
Consolidated totals	88,431,544	75,383,482	12,932,675	32,242,419	4,321,626	652,808

13 Long-term investments

Long-term investments comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Quoted equity investments (see note (a))	12,914	113,377	-	-
Federal government bonds (see note (b))	757,100	8,200,000	757,100	8,200,000
Other bonds (see note (c))	3,012,387	-	1,996,093	-
Unquoted investments (see note (d))	666	666	666	666
	3,783,067	8,314,043	2,753,859	8,200,666
 (a) Quoted equity investments:				
Nigeria International Debt Fund	19,388	119,388	-	-
Provision for diminution in investments (see (e) below)	(6,474)	(6,011)	-	-
	12,914	113,377	-	-
 (b) Federal Government bonds:				
10.5% 5th FGN Bond 2011 Series	102,169		102,169	
9.45% 5th FGN Bond 2013 Series	59,937		59,937	
11.99% 3rd FGN Bond 2013 Series	9,607		9,607	
10.70% 5th FGN Bond 2018 Series	25,072		25,072	
15% 5th FGN Bond 2028 Series	47,710		47,710	
12.45% 6th FGN Bond 2029 Series	512,605		512,605	
9% 4th FGN Bond 2010 Series	-	700,000	-	700,000
7.95% 4th FGN Bond 2010 Series	-	700,000	-	700,000
7% 4th FGN Bond 2010 Series	-	100,000	-	100,000
8.99% 4th FGN Bond 2010 Series	-	5,000,000	-	5,000,000
14.5% 3rd FGN Bond 2011 Series	-	1,000,000	-	1,000,000
9.5% 4th FGN Bond 2012 Series	-	200,000	-	200,000
9.23% 4th FGN Bond 2012 Series	-	400,000	-	400,000
9.25% 4th FGN Bond 2014 Series	-	100,000	-	100,000
	757,100	8,200,000	757,100	8,200,000
 (c) Other bonds:				
13% 1st Tranche LASG Bond 2014 Series	1,996,093	-	1,996,093	-
8.5% GTB Eurobond 2012	1,016,294	-	-	-
	3,012,387	-	1,996,093	-
 (d) Unquoted Investments:				
Nigeria Inter Bank Settlement Systems	666	666	666	666
	3,783,067	8,314,043	2,753,859	8,200,666

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e) The movement on the provisions for long term investments account during the year was as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of the year	6,011	4,750	-	-
Provisions during the year	463	1,261	-	-
Write-backs during the year	-	-	-	-
Balance, end of year	6,474	6,011	-	-

(f) 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.

(g) The market value of the bonds at the balance sheet date was N3,001,701,504 (Group:N4,017,995,504).

14 Fixed assets

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

Group	Leasehold Improvements N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Total N'000
Cost:					
Balance, beginning of year	77,719	106,344	394,625	196,449	775,137
Additions	414	24,396	21,602	115,980	162,392
Transfer	-	-	-	-	-
Disposals	(24,556)	(16,526)	(10,737)	(55,485)	(107,304)
Balance, end of year	53,577	114,214	405,490	256,944	830,225
Accumulated depreciation:					
Balance, beginning of year	56,665	34,676	274,438	116,064	481,843
Charge for the year	7,164	20,959	58,191	55,856	142,170
Disposals	(24,556)	(16,525)	(10,179)	(47,390)	(98,650)
Balance, end of year	39,273	39,110	322,450	124,530	525,363
Net book value:					
Balance, end of year	14,304	75,104	83,040	132,414	304,862
Balance, beginning of year	21,054	71,668	120,187	80,385	293,294

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

Company	Leasehold Improvements N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Total N'000
Cost:					
Balance, beginning of year	57,038	88,699	243,916	122,740	512,393
Additions	-	22,463	11,839	92,080	126,382
Disposals	(24,556)	(16,526)	(9,777)	(44,790)	(95,649)
Balance, end of year	32,482	94,636	245,978	170,030	543,126

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Accumulated depreciation:

Balance, beginning of year	36,736	25,670	188,814	75,602	326,822
Charge for the year	6,799	16,329	27,002	35,435	85,565
Disposals	(24,556)	(16,525)	(9,777)	(41,518)	(92,376)
Balance, end of year	18,979	25,474	206,039	69,519	320,011

Net book value:

Balance, end of year	13,503	69,162	39,939	100,511	223,115
Balance, beginning of year	20,302	63,029	55,102	47,138	185,571

c) No leased assets are included in the above fixed assets.

d) There were no authorised or contracted capital commitments as at the balance sheet date (2008: Nil)

15 Placements from third parties

Placements from third parties comprise :

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Unsecured:				
Call	-	24,440,000	-	24,440,000
Term	1,500,000	21,000,000	1,500,000	21,000,000
	1,500,000	45,440,000	1,500,000	45,440,000

16 Short term borrowings

(a) Short term borrowings comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Commercial papers	-	1,424,896	-	-
Promissory note	-	30,000	-	-
	-	1,454,896	-	-

(b) Short term borrowings represent commercial papers issued to institutional investors and bears interests at rates ranging from 14% to 18% per annum, with maturities ranging from 30 days to 60 days.

17 Other liabilities

a) These comprise:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Accounts payable	332,386	-	-	-
Accrued expenses and discount payable	466,393	553,947	460,724	471,911
Due to customers	483,911	561,060	330,168	-
Others	47,794	-	47,794	-
	1,330,484	1,115,007	838,686	471,911

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18 Dividend payable

This comprises:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	-	-	-	-
Dividend declared in the year	698,698	524,024	698,698	524,024
Payments during the year	(698,698)	(524,024)	(698,698)	(524,024)
Balance, end of year	-	-	-	-

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.

19 Provisions

This represents provisions for gratuity and the movement during the year was as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	139,612	110,239	135,339	104,608
Payments in the year	(11,620)	(11,541)	(15,537)	(8,662)
Charge for year	99,460	40,914	86,911	39,393
Balance, end of year	227,452	139,612	206,713	135,339

In previous years, the provision for gratuity was derived based on the current emoluments of employees. In the current year, the provision has been based on independent actuarial valuation performed on the projected unit credit basis.

20 Taxation payable

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	551,274	210,938	328,231	76,419
Current year tax (see note(b) below)	494,669	522,025	484,345	315,404
	1,045,943	732,963	812,576	391,823
Payment during the year	(472,287)	(181,689)	(301,190)	(63,592)
Balance, end of year	573,656	551,274	511,386	328,231

b) The charge for the year comprises:

Company income tax	461,942	487,757	452,110	294,050
Education tax	32,727	34,268	32,235	21,354
Prior year under / (over) provision	-	-	-	-
	494,669	522,025	484,345	315,404
Deferred tax credit (see note (11) above)	(24,697)	(144,747)	(36,961)	(14,300)
Tax charge	469,972	377,278	447,384	301,104

The current tax charge has been computed at the applicable rate of 30% (2008: 30%) plus education levy of 2% (2008: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

21 Share capital

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
a) Authorised:				
3,100,000,000 Ordinary share of N1 each (2008: 3,100,000,000 Ordinary share of N1 each)	3,100,000	3,100,000	3,100,000	3,100,000
b) Issued and fully paid:				
2,794,794,000 Ordinary share of N1 each (2008: 2,794,794,000 Ordinary share of N1 each)	2,794,794	2,794,794	2,794,794	2,794,794

22 Statutory reserve

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	1,380,535	1,112,703	1,375,698	1,112,703
Transfer from profit and loss account	626,997	267,832	623,528	262,995
Balance, end of year	2,007,532	1,380,535	1,999,226	1,375,698

In accordance with existing legislation, 15% of profit after taxation (2008: 15%) has been transferred to statutory reserve. In addition, Pension Alliance Limited, 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 year was as follows:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	3,823,179	2,270,909	2,967,483	2,001,201
Dividend paid	(698,698)	(524,024)	(698,698)	(524,024)
Transfer from profit and loss account	3,211,059	2,076,294	3,533,328	1,490,306
Balance, end of year	6,335,540	3,823,179	5,802,113	2,967,483

24 Revaluation reserve

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	10,081	-	10,081	-
Addition in the year	255,222	10,081	-	10,081
Transferred to profit and loss account	(10,081)	-	(10,081)	-
Balance, end of year	255,222	10,081	-	10,081

The addition to revaluation reserve in the year 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 GTBank Plc.

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25 Non-controlling interest

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Balance, beginning of year	101,788	87,134	-	-
Shortfall in share of loss from prior year	-	(1,935)	-	-
Share of profit	13,598	16,589	-	-
Balance, end of year	115,387	101,788	-	-

26 Staff costs

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

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Staff and related costs	1,144,863	605,010	627,567	302,935
Pension costs	44,359	17,939	22,720	14,676
Gratuity costs (see Note 19)	99,460	40,914	86,911	39,393
	1,288,682	663,863	737,198	357,004

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

	Group 2009 Number	Group 2008 Number	Company 2009 Number	Company 2008 Number
Management staff	29	25	16	14
Non management staff	168	149	61	59
	197	174	77	73

c) Higher paid employees of the 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 2009 Number	Group 2008 Number	Company 2009 Number	Company 2008 Number
Below N 1,000,001	169	161	57	63
N 1,000,001 - N1,010,000	0	2	0	0
N 1,010,001 - N1,090,000	5	0	3	0
N 1,100,001 - N1,170,000	2	1	0	0
N 1,200,001 - N1,290,000	2	2	2	1
N 1,290,001 - N1,490,000	3	2	3	2
N 1,500,001 - N1,790,001	2	0	2	3
N 1,840,001 - N1,850,000	0	2	0	0
N 1,850,001 - N1,890,000	1	0	0	0
N 1,890,001 - N1,970,000	1	1	1	1
N 2,200,001 - N2,410,000	1	2	1	2
N 2,500,001 - N3,900,000	6	1	6	1
N 4,000,001 - N5,000,000	3	0	1	0
Above N5,000,000	2	0	1	0
	197	174	77	73

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

	2009 N'000	2008 N'000
Fees as directors	21,000	7,730
Other emoluments	23,555	10,200
	44,555	17,930

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

	Company 2009 N'000	Company 2008 N'000
Chairman	7,250	1,404
Highest paid director	7,250	2,742

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

	Company 2009 Number	Company 2008 Number
N 1,000,000 - N 1,500,000	-	5
N 1,500,001 - N 2,000,000	-	4
N 3,000,001 - N 4,000,000	3	-
N 5,000,001 - N 6,000,000	6	-
	9	9

27 Earnings per share

Earnings per share has been calculated on profit after taxation for the year based on 2,794,794,000 Ordinary share in issue as at 30 June 2009 (2008: 2,794,794,000).

28 Net cash flow from trading activities

This comprises:

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
Profit after taxation	3,851,654	2,360,715	4,156,856	1,753,301
Taxation	469,972	377,278	447,384	301,104
Adjustments to reconcile profit after taxation to net cash flow from trading activities				
- depreciation	142,170	123,292	85,565	63,030
- provisions on risk assets	859,694	37,604	827,944	29,811
- provision for long-term investment	463	1,261	-	-
- unrealised loss on dealing securities	219,468	-	-	-
- gratuity charge	99,460	40,914	86,911	39,393
- interest income on long term investments	(302,563)	-	-	-
- profit on disposal of fixed assets	(6,501)	(2,801)	(5,797)	(2,772)
	5,333,817	2,938,263	5,598,863	2,183,867

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29 Changes in operating assets and liabilities

	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
(increase)/decrease in operating assets:				
- Marketable securities	28,097,826	(21,041,660)	28,362,005	(20,665,215)
- Trading securities	1,994,548	6,893,736	1,170,317	6,893,738
- Assets on repurchase agreements	(57,023,332)	18,407,720	(57,531,307)	18,297,748
- Margin accounts	1,371,110	(68,326)	-	-
- Other assets	(138,784)	326,292	(112,440)	420,108
increase/(decrease) in operating liabilities:				
- Placements	(43,940,000)	18,390,000	(43,940,000)	18,390,000
- Short term borrowings	-	546,405	-	-
- Liabilities on repurchase agreements	58,960,874	(17,784,903)	59,468,436	(18,302,674)
- Other liabilities	215,477	(960,245)	366,775	(252,416)
	(10,462,281)	4,709,019	(12,216,214)	4,781,289

30 Related party transactions

During the year, the Company conducted business transactions with the following institutions who are also shareholders of FSDH Limited: FSDH Staff Cooperative Society, Stanbic IBTC Bank Plc, Ecobank Plc, Spring Bank Plc, Afribank Nigeria Plc, Unity Bank Plc, Diamond Pension Custodian/Trust Fund Plc, AllCO Insurance Plc, Unico CPFA, KMC Investment Ltd, UBA Asset Management Limited. The transactions with these institutions were carried out at arm's length.

There is a technical management agreement between the Company and FSDH Asset Management Limited and FSDH Securities Limited. The agreement provides for the provision of technical management assistance to FAML and FSL, for a fee of 10% of profit before tax. No amount was charged during the year (2008: N78.5 million) as these companies did not make any profit in the year.

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

31 Contingent liabilities, litigation and claims

The Company has litigation and claims which arose in the normal course of business and they are being contested by the Company. 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 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:

	2009 N'000	2008 N'000
FAML's Assets Under Management	9,329,816	10,924,196
PAL's Assets Under Management	34,000,923	24,634,478
	43,330,739	35,558,674

33 Business segment reporting

The segment information is presented in respect of the group's business segments.

The group operates the following 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

Stock-broking - includes stock trading with proprietary portfolio and customers' portfolio.

The group's business reporting information comprises:

	Asset management 2009 N'000	Stock broking 2009 N'000	Fixed income securities 2009 N'000	Pension funds management 2009 N'000	Total 2009 N'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	1,498,021	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	-	-	-	-	(115,387)
Net Assets	1,445,206	709,317	10,653,218	240,320	12,932,674

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The group's business reporting comparative information comprises:

	Asset management 2008 N'000	Stock broking 2008 N'000	Fixed income securities 2008 N'000	Pension funds management 2008 N'000	Total 2008 N'000
REVENUE:					
Gross earnings - external	452,892	961,930	11,496,202	330,171	13,241,195
Intersegment revenue/(expense)	(31,933)	(46,603)	78,536	-	-
Total segment revenue	420,959	915,327	11,574,738	330,171	13,241,195
EXPENSES					
Depreciation	-	-	(63,030)	(60,262)	(123,292)
Segment result	348,099	507,852	1,975,869	(93,827)	2,737,993
ASSETS AND LIABILITIES					
Total assets	1,026,758	2,485,261	67,207,579	422,171	71,141,769
Total liabilities	(429,141)	(1,769,123)	(59,083,938)	(209,603)	(61,491,805)
Non-controlling Interest	-	-	-	-	(101,788)
Net Assets	597,617	716,138	8,123,642	212,568	9,548,176

Statement of Value Added
For the year ended 30 June 2009

	Group 2009 N'000	%	Group 2008 N'000	%
Gross earnings	32,242,418		13,161,533	
Securities trading expenses	(24,422,938)		(8,608,939)	
	7,819,480		4,552,594	
(Provisions) on risk assets	(859,694)		(37,604)	
Bought-in materials and services- local	(1,207,308)		(989,842)	
Value added	5,752,478	100	3,525,148	100

Distribution of value added

To employees:				
Employee cost	1,288,682	22	663,863	19
To government:				
Government as taxes	469,972	8	377,278	11

Retained in the Business:

For replacement of fixed assets (depreciation)	142,170	3	123,292	3
Transferred to non-controlling Interest	13,598	-	16,589	-
To pay proposed dividend	978,178	17	698,698	20
To augment reserves	2,859,878	50	1,645,428	48
	5,752,479	100	3,525,148	100

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

Statement of Value Added

For the year ended 30 June 2009

	Company 2009 N'000	%	Company 2008 N'000	%
Gross earnings	31,413,393		11,574,738	
Securities trading expenses	(24,556,004)		(8,608,939)	
	6,857,389		2,965,799	
(Provisions) on risk assets	(827,944)		(29,811)	
Bought-in materials and services- local	(602,442)		(461,549)	
Value added	5,427,003	100	2,474,439	100

Distribution of value added

To employees:

Employee cost	737,198	14	357,004	14
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To government:

Government as taxes	447,384	8	301,104	12
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Retained in the Business:

For replacement of fixed assets (depreciation)	85,565	2	63,030	3
To pay proposed dividend	978,178	18	698,698	28
To augment reserves	3,178,678	58	1,054,603	43
	5,427,003	100	2,474,439	100

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