

Report of the Auditors

Deloitte.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NIGERIAN-GERMAN CHEMICALS PLC

We have audited the accompanying financial of Nigerian-German Chemicals Plc as at 31 December 2006, set out on pages 18 to 33 which have been prepared on the basis of the significant accounting policies on page 18 and other explanatory notes on pages 22 to 31

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditors' 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 as to 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement 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 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, the Company and the Group have kept proper accounting and the financial statements are in agreement with the records in all material respects and give the prescribed manner, information required by the Companies and Allied Matters act, CAP C20 LFN 2004. The financial statements give a true and fair view of the financial position of **Nigerian-German Chemicals Plc** as at 31 December 2006, and of its financial performance and cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant international financial reporting standards.



Chartered Accountants
Lagos Nigeria



15 June 2007

Audit. Tax. Consulting. Financial Advisory

Member of
Deloitte Touché Tohmatsu

Report of the Audit Committee

to the members of Nigerian-German Chemicals Plc

In compliance with the provision of section 359 (6) of the Companies and Allied Matters Act, Cap C20 LFN of 2004, we report as follows:

- (i) We have ascertained and hereby confirm that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- (ii) The scope and planning of audit requirements for the year ended December 31, 2006 are adequate.
- (iii) The internal controls were being constantly and effectively monitored, and
- (iv) We are satisfied with the External Auditors' management report for the year ended December 31, 2006 as well as the response of the management thereto.

MEMBERS OF THE AUDIT COMMITTEE

Alhaji F.A. Mebude - Chairman

Mrs. A.A. Olatokunbo - Member

Mr. G. Balogun - Member

Mr. Mathew Chadzimura - Member

Dated: June 13, 2007.



Alhaji F.A. Mebude
Chairman, Audit Committee

