

Supporting Recovery

2017 Annual Reports & Financial Statements



NASD PLC
creating liquidity...transparently



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Corporate Profile

NASD Plc evolved from the National Association of Securities Dealers. It was incorporated as a Private Limited Liability Company in June 1998 and converted to a Public Limited Company in April 2012. NASD is an Over The Counter ["OTC"] Securities Exchange registered by the Securities and Exchange Commission to organise and manage Over-The-Counter trading platforms for unlisted public securities. There are presently 34 securities trading on the platform.

What we do

We provide an opportunity for investors in unlisted securities to trade their holdings transparently in a formal and orderly manner. The NASD OTC Securities Exchange in 2017 enabled trade through a lease of the NASDAQ OMX platform from the Nigerian Stock Exchange. On the NASD trading platform, all unlisted publicly held securities registered with the SEC are eligible to trade.

NASD's stakeholders include Issuers, retail and institutional investors, Venture Capital/Private Equity and the capital market in general. To them our value proposition is to:

- ◆ Provide a cost effective alternative to full listing
- ◆ Create public visibility for issuers and pool information on all non-listed securities
- ◆ Provide a new exit window for Venture Capital and Private Equity investors
- ◆ Deepen the capital market by providing public access to non-listed investment opportunities
- ◆ Create transparency around transactions in all publicly held securities
- ◆ Provide a platform on which issuers may seek project funding.
- ◆ Ultimately encourage growth in the real sector by providing an alternative liquidity platform for investors

Entry to the NASD OTC Securities Exchange is via two methods:

1. Admission of company

This is upon application by a company for the admission of its entire shares making them immediately tradable on the platform. Issuers in this instance are subject to the listing rules of the OTC market and are required to sign an undertaking to conform with the unique requirements of the market. Companies admitted to the OTC market are obliged to provide corporate information to the market and will be placed in one of two tiers, (the Blue tier or Pink tier) based on the quality of the company's corporate governance framework.

Another requirement of Admitted Companies is the full dematerialisation of the issued and fully paid up shares of the company into the Central Securities Clearing System Plc ["CSCS"].

2. Admission of securities

Individual investors can introduce their holdings in public companies that are not listed on any other exchange in Nigeria. This provides investors with critical access to an organised market even though the issuer has not formally applied for listing. Such shareholders simply need to appoint a registered Participating Institution (stockbroker) to verify, dematerialise and trade their holdings. NASD will create a unique security code for the instrument and will categorise such security into the Blue, Pink or Red tier.

The NASD OTC Securities Exchange has its own unique ecosystem consisting of:

- ◆ 229 individuals who are members of the Chartered Institute of Stockbrokers who are the only authorised traders on the platform
- ◆ 129 Registered broker/dealer firms who interact on behalf of their clients
- ◆ 6 Nominated Settlement Banks which ensure the prompt settlement and completion of the transaction cycle on the market
- ◆ The CSCS which clears all transactions executed on the market

NASD eases access to funding for Issuers required for capital projects, growth opportunities for small companies and a transparent secondary market for shareholders

Vision

We will be the hub of first call for capital formation in West Africa.

Our Guiding Principles



Integrity

We will honour all commitments and never compromise our ethics.



Transparency

Provide information that is relevant, necessary and timely.



Performance

Ensure that all requirements to stakeholders of the Capital Market are met and satisfied.

Corporate Information

Board of Directors

Mr. Olutola Mobolurin (Chairman)
Mr. Bola Ajomale (MD/CEO)
Mr. Chike Nwanze
Mr. Oladipo Aina
Ms. Obiageli Ugboma
Mr. Kayode Falowo
Mr. Ariyo Olushekun
Mr. Abubakar Lawal
Mr. Aigbovbioise Aig-Imoukhuede
Mr. Adeolu Bajomo
Mr. Samuel Nwanze

Company Secretary

GIO Nominees Limited
864B, Bishop Aboyade Cole Street
Victoria Island
Lagos

Registered Office

9th Floor, UBA House
57, Marina
Lagos

Auditors

PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Drive
Oniru, Victoria Island
Lagos

Registrars

United Securities Limited
Plot 009, Amodu Ojikutu
Victoria Island, Lagos

Bankers

United Bank for Africa Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc

Notice of Annual General Meeting

Notice is hereby given that the 5th Annual General Meeting of NASD PLC will hold on Wednesday, July 11, 2018 at Meeting Room 1, Westwood Hotel, 22, Awolowo Road, Ikoyi, Lagos at 11am for the transaction of the following business:

Ordinary Business

1. To lay before the members the Audited Financial Statements for the year ended December 31, 2017 together with the reports of Directors, Independent Auditors and Audit Committee thereon.
2. To elect/re-elect directors.
3. To appoint Independent Auditors.

Special notice is hereby given, in accordance with Section 364 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA), that the following resolution will be moved at the Meeting:

“THAT from the date of this meeting, the firm of Messrs. Deloitte & Touche be and are hereby appointed as the Independent Auditors of the Company in place of Messrs. PricewaterhouseCoopers”.

4. To authorise the Directors to fix the remuneration of the Independent Auditors.
5. To elect/re-elect Shareholders' Representatives in the Statutory Audit Committee.

Notes

(a) Special Notice

The Company has given special notice to Messrs. PricewaterhouseCoopers and Messrs. Deloitte & Touche as required under Section 364 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004.

(b) Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member. A form of proxy is attached at the last page of this report. All instruments of proxy should be duly stamped and deposited at the registered office of the Company, 9th Floor, UBA House, 57, Marina, Lagos or office of the Registrar, United Securities Limited, Plot 009, Amodu Ojikutu Street, off Saka Tinubu, Victoria Island, Lagos, not later than 48 hours before the time for holding the meeting.

(c) Audit Committee Members

In accordance with Section 359(5) of the Companies and Allied Matters Act (Cap. C20 Laws of the Federation of Nigeria 2004), any Shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the office of the Company Secretary, GIO Nominees Limited, 864B, Bishop Aboyade Cole Street, Victoria Island, Lagos at least 21 days before the Annual General Meeting.

(d) Closure of Register of Members

In compliance with the provision of Section 89 of the Companies and Allied Matters Act, 2004, the Register of Members will be closed from the 27th day of June 2018 to the 4th day of July 2018 (both dates inclusive) for the purpose of preparing an up-to-date Register of Members.

**DATED THIS 18TH DAY OF MAY 2018
BY ORDER OF THE BOARD**



L. Omolola Ikwuagwu (Mrs)
FRC/2014/NBA/00000007013
GIO Nominees Limited
Company Secretary

Statement From The Chairman

Distinguished shareholders, ladies and gentlemen, on behalf of the Board of NASD Plc (“the Company”), it is my pleasure to welcome you to the 5th Annual General Meeting and to present to you the Annual Report and Financial Statements for the year ended 31 December 2017.

Permit me to undertake a review of the major events in the global and domestic terrain which shaped the Company's performance in the year under review.

The Global Economy in 2017

Recovery in the global economy continued its strength in 2017, following progressive advancements in economic activities around the world which commenced in Q3 2016. Amidst rising risks, tensions and protectionism in the United Kingdom, United States of America, China and India, Gross Domestic Product (GDP) growth accelerated over much of the world in the broadest cyclical upswing since the start of the decade as growth accelerated in about three quarters of countries.

This growth was supported by a mild recovery in commodities prices, synchronized monetary policies, increased consumer and business spending, and improved trade relations amongst countries. As a result, the global economy gained 3.3% in 2017, up from 2.7% recorded in 2016.

In Sub-Saharan Africa (SSA), growth in economic indicators were anchored on improved commodity prices, growth in domestic spending, and improvements in business investment, manufacturing and trade.

The Nigerian Economy

The Nigerian economy underwent a marked recovery

from the recession experienced in 2016. This came on the back of improved foreign exchange liquidity, rising oil prices and an upturn in oil production (due to the reduction in production disruption by Niger Delta militants) and attractive yields on government and corporate securities. These resulted in the country's Gross Domestic Product growing by 0.8% in 2017. Inflation levels also declined significantly from its year open of 18.72% to close the year at 15.37%.

The Economic Recovery and Growth Plan (ERGP) of the Federation also played a significant role in strengthening the business environment, as Nigeria moved 24 places upward to 145 in the Ease of Doing Business Ranking Index of the World Bank.

The business environment improved on the back of key pro-growth fiscal and monetary policy efforts. The introduction of the Importer & Exporter (I&E) Foreign Exchange (FX) Window by the Central Bank of Nigeria increased the inflow of foreign investments providing timely access to foreign exchange for businesses requiring foreign inputs for their operations.

Despite the economic recovery recorded, the country was nonetheless inundated by several challenges including incessant clashes between nomadic herdsman and local farmers resulting in the death of at least 500 people and displacement of thousands across 14 states of the Federation, the Boko Haram insurgency in the Northeast and separatist agitations in the South East. The national insecurity as a result of the activities of these groups negatively impacted economic activities in the affected areas.

NASD OTC: Business Environment

The appreciation in the price of crude oil, introduction of

the Investors' and Exporters' FX window and the general improvement in the nation's economy in 2017 resulted in improved spending capacity which impacted positively on the capital market.

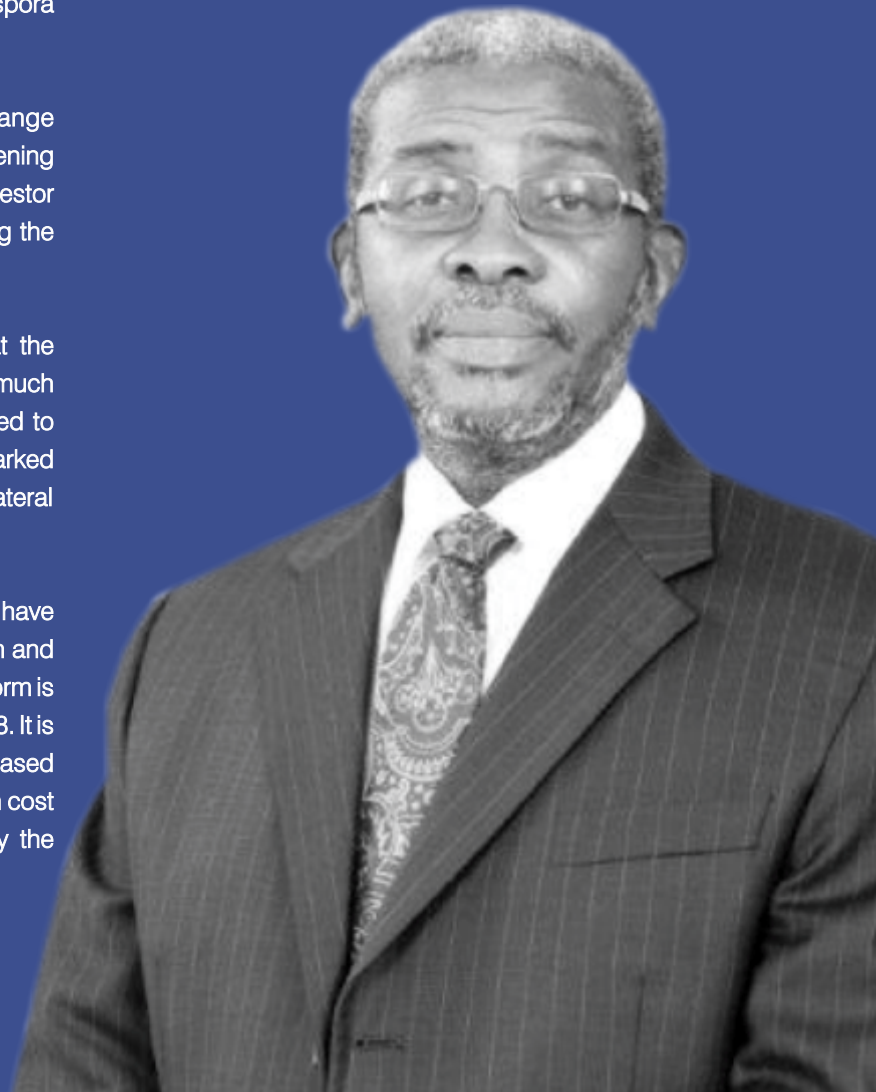
In addition, the Federal Government explored alternative long term borrowing windows within the domestic market including the launch of the Quarterly Coupon Paying Savings Bonds (₦7.0bn, 13.5%), ₦100.0bn Sukuk bond issued at 16.5% rental yield and the Green Bond worth ₦10.7bn issued in December 2017 at 13.5% yield. Also, the Debt Management Office (DMO) successfully raised a total of US\$4.5bn (in four tranches) from the Eurobond market at an average marginal coupon rate of 7.3% while also successfully completing a US\$300.0m Diaspora bond at 5.6%.

The year also saw the Securities & Exchange Commission (SEC) increase its efforts in strengthening the Capital Market with the introduction of its free investor e-dividend registration initiative aimed at mitigating the risks associated with physical dividend warrants.

You will recall that last year, I informed you that the Company had commenced steps to secure a much more "fit for pocket" trading platform. I am pleased to inform you that during the year, the Company embarked on the reconfiguration of its proprietary Bilateral Interdealer Trading System (BITS) platform.

I am happy to inform you that the necessary tests have been concluded on the reconfigured BITS platform and training organised for Authorised Traders. The platform is set to formally "go-live" in the second quarter of 2018. It is expected that the transition from the present leased platform to BITS will greatly reduce trading platform cost which was the highest annual expense borne by the Company since 2013.

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Statement From The Chairman Contd.

In line with its commitment to developing investments complementary to the advancement and development of the market to serve the peculiar needs of the Nigerian economy, the Company during the year secured the approval of the SEC to create and manage the NASD Enterprise Portal (“NASDeP”). The portal will function as a repository for collating information on the performance, operations and investment opportunities available in qualified enterprises. This portal was launched in April 2018.

Trade Activity

Trading activity during the year reduced as the number of trades executed on the NASD OTC Market decreased by 42.68% over the previous year.

The Market witnessed only a 3.13% increase in the number of admitted securities, 6.42% increase in Authorised Traders and 5.83% increase in Participating Institutions. NASD admitted 5 new securities; to close with 34 securities and traded bonds worth ₦12.08 billion.

The volume of shares traded during the year increased by 20%, while the value traded declined marginally by 0.06% compared to the previous year. As at 31 December, 2017 the value of transactions executed on the market was ₦4.36 billion.

Financial Performance

Distinguished shareholders, your company earned ₦23.1 million as trading commission in the year under review in comparison to ₦32.2 million achieved in the preceding year, representing 28.26% reduction over the previous year's performance. This was due to reduction in activities carried out by the respective Participating Institutions. From membership fees, the company earned ₦24.5 million and ₦71.2 million from interest on investments representing 27.9% decrease and 69% increase respectively over the previous year's revenue of ₦34 million and ₦42.2 million. The decrease in membership fees for 2017 was largely due to non-

renewal of registration by Participating Institutions and non-listing of new companies, while the increase in interest income was due to increase in cash holdings available for investment as a result of the concluded Rights Issue exercise and higher Money Market investment yields available for a significant period of the year.

Our direct trading expenses in the year under review was ₦63 million in comparison with ₦82.4 million in the preceding year, representing a decrease of 23.5%. This is as a result of renegotiation of the lease payment to Nigerian Stock Exchange for the use of its trading platform and the conscious effort to reduce cost generally. As mentioned to you last year, the lease payment to Nigerian Stock Exchange for the use of its trading platform is the highest singular expenditure item for the Company. However, I am delighted to inform you that the Board has considered the use of an alternative trading platform which would align costs with the current slow pace of the development of the market.

Other costs during the review period (marketing, payroll and general administration costs) stood at ₦135.3 million as against ₦133.2 million in the preceding year, representing an increase of 1.6%.

The Board

In January 2017, a pioneer member of the Board in the person of Mr. Victor Ogiemwonyi, representing Partnership Investment Company Plc, resigned from his position as non-executive director. Mr. Ogiemwonyi was the Chairman of the Technical Committee and also served as a member of the Finance & Investment Committee. Mr. Ade Bajomo, representing NSE Consult, resigned from the Board at the tail end of the year after 5 years as a non-executive director. Until his resignation, Mr. Bajomo was the Chairman of the Technical Committee and also served as a member of the Governance & General Purpose and Audit & Risk Committees.

The Board sincerely appreciates the support of Mr. Victor Ogiemwonyi and Mr. Ade Bajomo towards the growth and success of the Company during their tenure and wishes them the best in their endeavours.

Future Outlook

It is anticipated that the reawakening of economic activities which is expected to be sustained in 2018 will buoy market activities as this will increase the performance of many businesses in the OTC Market space and re-ignite investor interest.

With increased awareness of the OTC Market and the support of the SEC to provide the regulatory framework required to grow the fledgling OTC space, we are optimistic that these will in no distant time yield the much awaited results.

Appreciation

The vital link in the chain which drives our operation continues to be the Management and other employees whose dedication and commitment has remained unwavering over the years and I would like to use this opportunity to thank them for their individual and collective contributions to the modest progress of the Company.

I would also like to thank the SEC for its continued support of the OTC Market. We look forward to a more conducive regulatory environment in 2018 and the years ahead. The laudable vision of the OTC Market can only be achieved by the close alignment of visions of our two institutions. I commend the shareholders for their support, understanding and faith in the Company by their strong support for the Rights Issue concluded last year. The Board sees a much brighter future as we bring the cost of operation into alignment with our business volume. To our Participating Institutions, I say thank you for tapping into the vision of the Company.

Finally, I thank my colleagues on the Board for their sacrifice, co-operation, dedication and commitment and we look forward with great expectancy to better years to come.

Thank you all for your attention.



Olutola Mobolurin
Chairman, Board of Directors
NASD Plc
July 11, 2018

Letter From The Chief Executive Officer

Dear Stakeholders,

It is my pleasure to present the Chief Executive Officer's report for the year ended December 31, 2017. The last 12 months were extremely challenging for the business community in Nigeria and specifically for NASD Plc.

MACRO OVERVIEW

GDP

The Nigerian economy gradually eased out of the 2016 commodity led recession in 2017. For the first time after five quarterly declines, growth in gross domestic production attributable to the Oil and Gas industry was 1.64% in Q2 2017 while the non-oil sector GDP growth was 0.4%. Nigeria ended 2017 on a firmer note with growth picking up to a two-year high in Q4 at 1.9% positive. In balance, the country closed 2017 with an estimated GDP growth of 0.8% in 2017, up from -1.5% in 2016¹.

FISCAL AND MONETARY POLICY

Fiscal policy in 2017 continued the expansionary stance adopted in 2016. Total spending as a percentage of GDP was 10.3% in 2017 while revenues were estimated at 5.6% of GDP - resulting in a 4.8% budget deficit in 2017.

Monetary Policy started off tight in 2017 but loosened in the second half of the year as the Central Bank started recording success in rebuilding Foreign Exchange reserves. The introduction of the Investors' and Exporters' Window (I&E Window) in April 2017 by the Central Bank of Nigeria "CBN" eased liquidity constraints on FX and made it easier for large corporates to fill their import requirements and meet production schedules.

The Debt Management Office "DMO" also released the cap on money supply in the 2nd half of 2017. Firstly, the DMO reduced Open Market Operations (OMOs) interventions which is mainly characterised by issuance on local currency debt to withdraw "excess liquidity" from financial institutions. In addition, DMO commenced the issuance of Eurobonds (bringing in over US\$ 3 billion in the first instance). Finally, DMO redeemed maturing treasury bills rather than rolling them over in December 2017. By the close of 2017, the net effect was a reduction in prevailing treasury yields from 18.1 % to 14% and increased interbank market liquidity.

The combined application of Fiscal and Monetary policy in 2017 fostered an environment for liquidity in the foreign exchange market and encouraged convergence in FX rates. It also allowed investors to refocus on the equity end of the capital market as yields on gilt edged securities drop.

THE NASD OTC MARKET

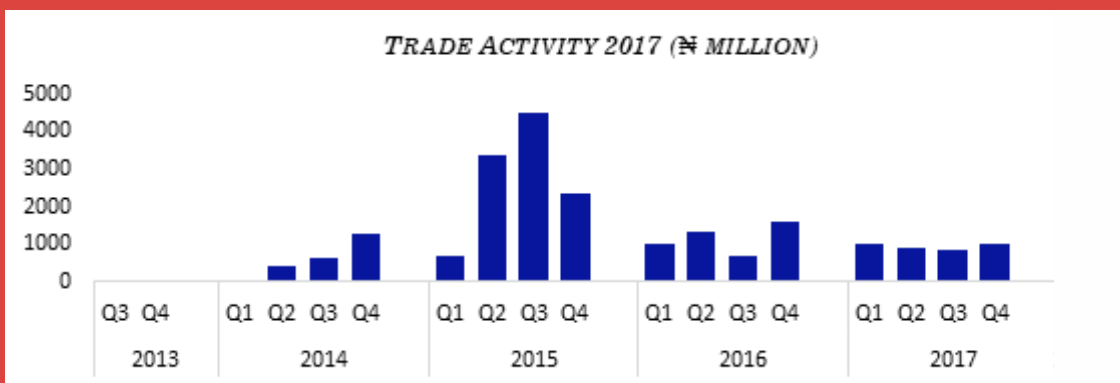


TRADE ACTIVITY

The recession of 2016/17, depletion of FX reserves and high interest rate regime had a direct and profound impact on the operations of NASD. High yield gilt edged securities presented a more rewarding and less risky alternative to investors who otherwise would have considered investing in NASD OTC stocks. Underlying companies for most of the stocks admitted to trade on NASD were also under profit pressure due to weak consumer spending amid rising operational costs. We

¹Source: National Bureau of Statistics, African Development Bank Economic Review 2017

therefore witnessed a decline in the volume and value of trade in 2017 in continuation of the trend that started in 2016. At year end 2017, NASD had executed 2,784 deals worth ₦4.36 billion. This was below activity in each of the preceding two years [2016: ₦4.67 billion in 4,856 deals, 2015: ₦50.92 billion in 2,151 deals].



Share Turnover Velocity measured by the ratio of “Total Value of Trades” to “Market Capitalisation” (TVT/MCAP) in 2017 was recorded at 1.07% compared to 1.10% registered in the previous year, indicating that the market was less liquid in 2017 than in 2016. When compared to dematerialised shares, the turnover ratio increases to 10.70%. NASD also recorded a modest value of bond trades worth ₦12.08 billion.

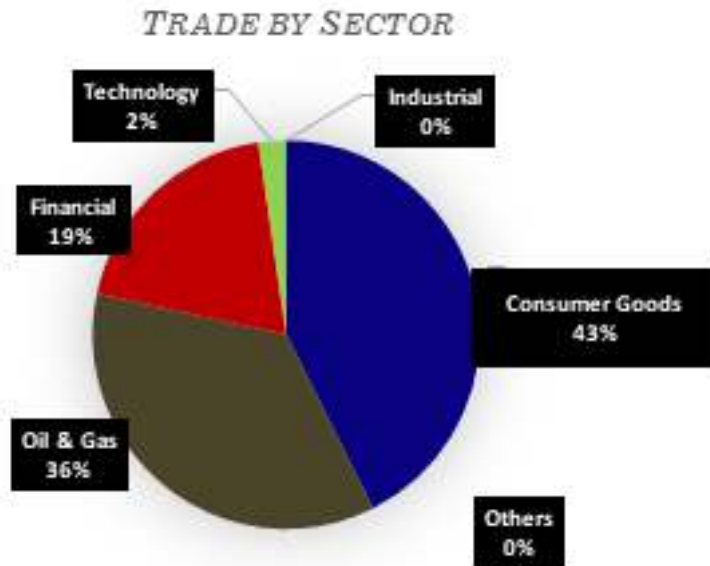
Dematerialisation into the market however continued in 2017 as investors anticipate a more conducive trading environment. As at year end 2017 the market was at the 37.4% dematerialisation level with 40.65 billion shares dematerialised into the Central Securities Clearing System – up 151.24% from the 2016 closing dematerialisation level of 16.18 billion shares.

TRADE BY SECTOR

The consumer goods sector was the most active in 2017 and accounted for 43% of all trades on the market (by value) the Oil and Gas sector followed with 35.8% of all trades. As the country begins to work through strategies



to diversify the economy, we expect that other sectors of the market will become more active.



UNLISTED SHARES INDEX

The Unlisted Securities Index (USI) opened the year at 646.88 points and closed at 604.88 points as at 31 December, 2017 yielding a net market return of -2.26%. The most active sector - Consumer Goods sector that accounts for 57% of total market capitalisation however gained 3.0% during the year.



NEW SECURITIES INTRODUCED

In spite of the very challenging environment in 2017, five securities with a total capitalisation of ₦17.53 billion were introduced and admitted to trade on the OTC market as below:

S/N	ISSUER	DATE ADMITTED	NUMBER OF SHARES	ENTRY PRICE (₦)	INTRODUCED BY
1.	NIPCO Plc.	16 February	187,668,329	84.35	Anchoria Investment & Securities Limited
2.	Costain (West Africa) Plc.	10 March	1,080,000,000	0.50	CSL Stockbrokers Limited
3.	CR Services (Credit Bureau) Plc.	29 March	45,999,658	1.90	Reward Investment & Services Limited
4.	Lighthouse Financial Services Plc.	28 August	2,151,991,822	0.50	Lighthouse Asset Management Limited
5.	Mass Telecom Innovation Nigeria Plc.	18 December	4,893,593,900	0.50	Apel Assets Limited

They join the remaining 29 securities admitted to trade on the OTC market and we wish both issuers and investors every success on the NASD OTC Securities Exchange.

INCREASING PARTICIPANTS

We continue to increase the number of participants on the market. We witnessed an increase in Authorised Traders, Participating Institutions, Issuing houses and Custodians. We expect that the expanded participation base will impact volume and value of trades in future periods.



TECHNOLOGY AND TRADING PLATFORMS

NASD OTC Securities Exchange was powered by the Nasdaq developed OMX platform since 2013. The platform was instrumental to the quick onboarding of operators and the smooth take off of operations in 2014. We however, realised that the platform was too large for the OTC market and lease rentals outstripped the revenues generated thereon. In 2017, after negotiating a 30% discount in lease charges for the year, NASD's lease bill was ₦63 million. This was still more than 2x transaction income for the year of ₦23 million. The Board of NASD therefore took the decision to terminate the lease agreement and reactivate our proprietary trading platform - Bilateral Interdealer Trading System (BiTS). We

believe this decision will have a significant impact on the profitability of the company in 2018 and beyond.

BiTS is a web-based application platform that enables traders see and react to quotes made by other traders. It was developed by young Nigerian talent under guidance and feedback from Management and end users. The system allows access from any smart device and access control is monitored through layers of passwords and permissions. Clearing and settlement will still continue through the established channels of Central Securities and Clearing System Plc (“CSCS”) and our six Settlement Banks [Access Bank, GT Bank, First Bank Plc, Sterling Bank, United Bank for Africa Plc and Stanbic IBTC].

We believe that this scalable platform will allow for a natural evolution of the OTC market to providing more

alternative investment solutions. It also demonstrates the great potential of the FinTech industry in Nigeria.

REVIEW OF FINANCIAL PERFORMANCE

In 2017, core income from transactions was ₦23.1 million as against ₦32.2 million earned in 2016.

The OTC market also experienced reduction in Participating Institutions’ activities which resulted in Registration fees of ₦24.5 million in 2017 compared to ₦34 million in 2016.

Income earned from funds management however increased to ₦71.2 million as against ₦42.4 million earned in the preceding period. This is partly due to funds under management and the prevailing interest rates in 2017.



Direct trading expenses in the year under review was ₦63 million in comparison with ₦82.4 million in the preceding year. The decrease of 24% was due to negotiation with the Nigerian Stock Exchange to reduce lease rentals. General Administration costs stood at ₦137.2 million as against ₦135.2 million in the preceding year, representing a slight increase of 1.5% which was due to activities of the management towards developing the OTC market. Management will continue to drive for efficiency in trading and operational costs through 2018.

GOING UPSTREAM



THE NASD ENTERPRISE PORTAL [“NASDEP”]

In November 2017, we obtained the “no objection” approval of the Securities and Exchange Commission [“SEC”] to create and manage an information repository of all growth enterprises who are interested in

Nigeria in 2018 is emerging out of a 2-year recession – the first experienced by the country in 25 years. Between 2016 and end of 2017, investors made critical reassessments of risk tolerance levels and issuers and corporates were compelled to reengineer productive processes towards being more efficient.

raising private (not public) capital. This is a significant milestone for us at NASD Plc as it becomes our second line of business – distinct but complementary to our trading activity branded NASD OTC Securities Exchange. It still remains faithful to our objective to create more transparency in the capital market while empowering investors with better information upon which they can base their investment decisions.

The sustainability of the Information Repository and its ability to profitably deliver value to all stakeholders depends on the governance and structure of the portal. For the first time in Nigeria, NASDeP brings together a community that hitherto had only interacted loosely; comprising:

- ◆ Pre-IPO companies who have been through investor readiness programs,
- ◆ Due diligence advisors of great repute who are registered with the SEC to render advisory services
- ◆ Accredited investors – essentially private equity and venture capital firms who are interested in viewing investment opportunities in Nigeria.

The NASDeP community also includes Business Incubators such as the **Fate Foundation, Enterprise Development Center of the Pan -Atlantic University, Tony Elumelu Foundation and Bank of Industry** with whom we have signed Memorandums of Understanding to act as feeders to the portal.

Most importantly, the platform complements the effort of the Federal Government of Nigeria in stimulating recovery and growth by bringing companies closer to the capital market and making alternative sources of long term finance available to them. It is also in partnership with the Nigerian Investment Promotion Commission as a possible target for Foreign Direct Investments.

The portal was officially launched by the Honorable Minister of Industry, Trade and Investment in April 2018.

RECOVERING FROM RECESSION

Nigeria in 2018 is emerging out of a 2-year recession – the first experienced by the country in 25 years. Between 2016 and end of 2017, investors made critical reassessments of risk tolerance levels and issuers and corporates were compelled to reengineer productive processes towards being more efficient. Nigeria remains a destination for direct investments and NASD is poised to ease the capital raise process for growth and expanding corporates.

We look forward to broadening local retail interest in the OTC market and have embarked on a series of public enlightenment workshops that provide guidance for investors and entrepreneurs.

OUTLOOK IN 2018

Our vision remains to be the hub of first call for capital formation in West Africa. In line with this, in 2018, we look forward to:

- ◆ Full operation of the NASDeP which we believe will significantly deepen the reach and contribution of the capital market to the nation's growth
- ◆ Strategic partnership with partners both inside and out of the capital market
- ◆ Collaboration with other markets across Africa and beyond
- ◆ Improving customer service and strengthening the resilience and competitiveness of Nigeria's financial markets.
- ◆ Working closely with Nigeria's financial technology industry - greatly changing the dynamic of the capital market
- ◆ Continually improving trade technology to provide a scalable and appropriate platform for price discovery and capital mobilization

APPRECIATION

I wish to express my appreciation to the Chairman and Board of Directors who steadfastly steered Management through the year in all issues from operations to our strategic relationships. My gratitude also goes to the small team at NASD who have tenaciously contributed to ensure that we continue to push the boundaries of the capital market.

We appreciate the SEC's stewardship for its oversight of the Nigerian Capital Market. We note in particular that

the SEC's initiatives on rulemaking has allowed NASD expand its operations and reach.

We cannot run the OTC market without the valuable contributions and support of the Central Securities Clearing System PLC and our Participating Institutions. Specifically, their strategic interventions and feedback in the development and rollout of the BiTS trading platform was invaluable. Members of the Chartered Institute of Stockbrokers also went to great lengths to actively engage their clients and inform them about the opportunities on the OTC market.

As we commence operation with an expanded community in 2018, we thank members of the Private Equity industry, Incubator Hubs and Due Diligence Advisers who were instrumental to the structuring and roll out of NASDeP.

We look forward with confidence to creating a valuable and profitable franchise with the help and cooperation of all stakeholders in the Capital market.

Thank you



Bola Ajomale
Managing Director/CEO

Board Of Directors

As at December 2017



Mr. Olutola Mobolurin
Chairman



Mr. Chike Nwanze
Vice Chairman



Mr. Bola Ajomale
MD/CEO



Mr. Oladipo Aina
Director



Mr. Ariyo Olushekun
Director



Mr. Abubakar Lawal
Director



Mr. Kayode Falowo
Director



Mr. Adeolu Bajomo
Director



Mr. Samuel Nwanze
Director



Ms. Obiageli Ugboma
Director



Mr. Aigbovbioise Aig-Imoukhuede
Director

Corporate Governance Report



1. Introduction

NASD Plc recognises the importance of good corporate governance as a means of sustaining viability of the business in the long term, and further believes that the attainment of business objectives is directly aligned to good corporate behaviour.

In the conduct of its business, NASD Plc has sought to comply with all statutory requirements, adopted, tried and proven best practices to protect the environment and its employees, invested in the community in which it operates and strove to enhance shareholder value in the process. NASD Plc adopts both medium and long-term growth strategies and allocates resources in order to guarantee the creation of wealth. NASD Plc promotes and recognises excellence through its employee development programmes.

The Company has put in place systems of internal control in order to safeguard the interest of shareholders and stakeholders and ensure the reliability of its records. The business adopts standard accounting practices to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

2. Board Of Directors

The responsibility for good corporate governance is placed on the Board of Directors and the Management Team. The Board of Directors are highly qualified and experienced in their professional areas of expertise. As at December 31, 2017, the Board had one full time Executive Director- the Managing Director of the Company. The Board also had ten other members who are non-Executive Directors. The Board meets regularly to deliberate on policy matters, corporate strategy and implementation, review Company's performance, operations, finances and set standards for ethical conduct of the Company's performance, operations, and finances, amongst other critical activities.

Responsibilities of the Board

The Board is primarily responsible for ensuring the proper management of the affairs of the Company. The Board has a good relationship with Management with adequate information flow between them. The Board's specific responsibilities include:

- ◆ Determining the Company's objectives and strategies and monitoring implementation;
- ◆ Approving Senior Management staff appointments, promotions and discipline
- ◆ Approving Annual budgets and monitoring financial performance
- ◆ Ensuring that adequate budgetary and planning processes exist such that performance is monitored against budget and plans
- ◆ Approving the general policies of the Company
- ◆ Ensuring that an effective risk management process exists and is maintained
- ◆ Ensuring balanced and understandable reporting to shareholders
- ◆ Ensuring adequacy of systems of financial, operational and internal controls and regulatory compliance
- ◆ Ensuring value creation for shareholders and employees
- ◆ Approving major capital expenditure acquisitions
- ◆ Ensuring adequate disclosure and communication
- ◆ Succession planning
- ◆ Reviewing and approving the Audited Financial Statements of the Company for presentation to shareholders at the Annual General Meeting
- ◆ Ensuring the implementation of all decisions taken at General Meetings
- ◆ Monitoring compliance with Legal and Regulatory requirements



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Report of External Consultants on the Board Performance Appraisal of NASD Plc

We have performed the procedures agreed with the NASD Plc in respect of the appraisal of the Board of NASD for the year ended 31 December, 2017 in accordance with the guidelines of Part G, section 34.15 of the revised Securities and Exchange Code of Corporate Governance 2011 for public companies "SEC CCG". Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures' engagements.

The procedures were performed in accordance with the SEC CCG which mandates an annual appraisal of the Board with specific focus on the organization's strategy, Board structure and composition, responsibilities, proceedings and relationships, individual director's competences and respective roles in the performance of the Board.

The field work was performed between the 15th January and 2nd February, 2018. The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, if any, in the underlying information.

Our approach included the review of NASD's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted face to face interviews and conference calls with the directors and key personnel of the Company. On the basis of our work, the Board of NASD Plc has largely complied with the requirements of Part G, section 34.15 of the SEC CCG during the year ended December 31, 2017.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. Specifically our recommendations are in the area of Directors training, Succession Planning, Board Composition, and Risk Management.

Bunmi Akinde
Partner, Advisory Services
FRC/2012/ICAN/00000000187

01 March, 2018.

Board Meetings

The Board meets at least once every quarter and when it deems necessary. In compliance with Section 258 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the Record of Directors' attendance at Board Meetings is exhibited as follows:

Names of Directors	Institutions Represented	30-1-2017	29-3-2017	10-5-2017	20-7-2017	4-11-2017	*Total
Mr. Olutola Mobolurin	Capital Bancorp Plc	✓	✓	✓	✓	✓	5
Mr. Chike Nwanze	Icon Stockbrokers Limited	✓	✓	✗	✓	✗	3
Mr. Oladipo Aina	Signet Investments & Securities Limited	✓	✓	✓	✓	✗	4
Mr. Ariyo Olushekun	Capital Assets Limited	✓	✓	✓	✓	✓	5
Mr Abubakar Lawal	GTI Capital Limited	✓	✓	✓	✓	✗	4
Mr. Kayode Falowo	Greenwich Securities Limited	✓	✗	✓	✓	✓	4
Ms. Oby Ugboma	Chapel Hill Denham Group	✓	✓	✓	✓	✓	5
Aigbovbioise Aig-Imoukhuede	Coronation Securities Limited	✓	✓	✓	✓	✓	5
Mr. Ade Bajomo	NSE Consult Limited	✓	✓	✓	✓	✗	4
Mr. Samuel Nwanze	Heirs Holdings Group	✗	✗	✓	✓	✗	2
Mr. Bola Ajomale	NASD Plc	✓	✓	✓	✓	✓	5

*Includes attendance by approved Alternate Directors representing the organisations.

Directors Retiring By Rotation

The following Directors retiring by rotation in accordance with Section 259 of the Companies and Allied Matters Act being eligible are presenting themselves for re-election:

a. Mr. Olutola Mobolurin

Mr. Olutola Mobolurin is the Chairman of NASD Board of directors. He is also the Chairman and pioneer Managing Director of Capital Bancorp Plc. He holds a Bachelor of Science degree in Accounting and Finance from State University of New York in Binghamton and an MBA from York University, Toronto.

Prior to joining Capital Bancorp Plc, he worked at City Securities Limited and Continental Merchant Bank Plc (formerly Chase Merchant Bank) where he was a Deputy General Manager and Head of Corporate Finance.

Mr. Mobolurin was the Vice-Chairman and Group Chief Executive of Crusader Nigeria Plc till October 2012 and the first Chairman of CrusaderSterling Pensions Limited. He is currently a Non-Executive Director of the FCMB Group Plc.

He had in the past served as the Chairman, Securities and Exchange Commission's Committee on the Resuscitation of the Bond Market and was the President of the Chartered Institute of Stockbrokers from 2001 to 2003. He also served as an assessor/part-time member of the Investment and Securities Tribunal, from 2003 - 2006.

He has over 40 years' experience of varied exposure and experience in the financial services industry and has been involved in pioneering many financing structures in the Nigerian Financial Market.

b. Mr. Oladipo Aina

Mr. Oladipo Aina is the Managing Director & Chief Executive Officer of Signet Investment and Securities Limited. He is an accomplished Stockbroker with over 36 years' experience in the Money and Capital markets.

He is a Fellow of and served as President of the Chartered Institute of Stockbrokers between 2005 to 2007. He is also a Fellow of the Institute of Directors, London, a former Director of the Central Securities Clearing System Plc and former council member of The Nigerian Stock Exchange.

Prior to establishing Signet Investment and Securities Limited, Mr. Aina worked at NAL Merchant Bank Limited (now Sterling Bank Plc) in 1980 and then transferred to Nigerian Stockbrokers Limited, a company managed by NAL as the Managing Director. He also worked with the Bank of the North Limited in Gusau, Zamfara state.

He holds a BSc in Economics at the University of Ife (now Obafemi Awolowo University) and an MSc in Banking and Finance from the University of Ibadan. He also holds a Master of Science Degree in Corporate Governance and Finance from Liverpool John Moores University, Liverpool UK.

c. Mr. Ariyo Olushekun

Mr. Olushekun is a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Stockbrokers and the Institute of Directors. He is also an Associate of the Chartered Institute of Taxation and The Nigerian Institute of Management. He is an Authorized Dealing Clerk of The Nigerian Stock Exchange and NASD Plc. He is registered by the Securities & Exchange Commission. He holds HND (Upper Credit) in Accountancy from Yaba College of Technology as well as MBA (Marketing) from the University of Lagos. He is an Alumnus of the Advanced Management Program (AMP) of IESE Business School, Barcelona, Spain. He has also participated in Executive and Professional Development programmes at Harvard Business School, Boston, INSEAD Business School, Fontainebleau France and New York Institute of Finance.

Mr. Olushekun has about 30 years experience of active participation in various aspects of Investment Banking eleven out of which were spent at Centre-Point Merchant Bank Plc. He left Centre-Point in 1998 to establish and manage Capital Assets Limited, a leading Investment Banking outfit in Nigeria. He has participated in several Investment Banking transactions for corporate bodies and governments at federal, state and local levels. In conjunction with others, he facilitated the establishment of the Nigerian chapter of The Investment Club Network (TICN), a worldwide organization with representation in 30 countries.

Mr. Olushekun is a Past President and Chairman of the Governing Council of the Chartered Institute of Stockbrokers. He has served on the National Council of The Nigerian Stock Exchange as well as on the Board of its subsidiary, NSE Consult Limited. He is currently serving on the Boards of Central Securities Clearing System Plc, NASD Plc - the Over-The-Counter Trading Platform of the Nigerian Capital Market, Unity Registrars Limited, Co-Link Investment Management Limited and Applied Logic Limited, operators of BroadStreetLagos.com, a Stockmarket Research Portal. He was a member of the Business Support Group of The Nigerian Vision 20:2020 as well as the Federal Government Capital Market Resuscitation Committee. He recently served as the Chairman of the Capital Market Literacy Master Plan Committee and is currently a member of the Capital Market Master Plan Implementation Council (CAMMIC) of the Securities & Exchange Commission, the Nigerian Green Bond Advisory Group and Chairman of The Nigerian Stock Exchange Investigation Panel.

Mr. Olushekun has attended several local and international courses on Investments, Banking and Finance. He has also made presentations at several seminars, workshops and Investment Fora in Nigeria, USA, UK, Ireland and Canada.

d. Mr. Abubakar Lawal

Mr. Abubakar Lawal is the Chairman of the Audit & Risk Committee of NASD Plc. He is the Managing Director and Chief Executive Officer of GTI Capital Limited. His wealth of experience in Finance and Investment Banking spans over two decades having participated in various landmark capital market transactions.

He has attended various international trainings and competence development programs. He is a fellow of the Chartered Institute of Stockbrokers (CIS) of Nigeria. He currently serves on the board of Wema Bank Plc. Abubakar is a retired council member of the Nigerian Stock Exchange and Chartered Institute of Stockbrokers of Nigeria.

3. Board Committees

In conformity with the Code of Best Practices in Corporate Governance, the Board of Directors worked through 7 (seven) committees:

Rules & Membership Committee

The Rules & Membership Committee chaired by Mr. Kayode Falowo is responsible for reviewing the Rules of the NASD OTC Market, applications for membership and participation on the Market and admitting new companies. The decisions of the Committee are ratified by the Board.

The Terms of Reference of the Rules and Membership committee include:

- ◆ To monitor and ensure the Company's regulatory program for sufficiency, effectiveness and independence.
- ◆ To oversee all issues in the Company's regulatory program including trade practice and market surveillance and other regulatory responsibilities with respect to Authorized Traders including stating policy for the conduct of investigations and review of disciplinary actions.
- ◆ To propose resources required to effectively manage the Company's regulatory and market practice functions.
- ◆ To review all relevant laws and regulations that may impact the Company and make recommendations to the Board of Directors on identified gap.

The Committee meets every quarter or on an ad-hoc basis whenever firms seeking registration with NASD have fulfilled all the necessary requirements. The Rules & Membership Committee however did not hold any meetings in 2017. The Committee had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	Greenwich Trust Limited	Mr. Kayode Falowo
2.	Anchoria Investments & Securities Limited	Mr. Ifedayo Ige
3.	Capital Bancorp Plc.	Mr. Aigboje Higo
4.	Signet Investments & Securities Limited	Mr. Oladipo Aina
5.	Icon Stockbrokers Limited	Mr. Chike Nwanze
6.	Chapel Hill Denham Securities Limited	Ms. Obiageli Ugboma
7.	GTI Capital Limited	Mr. Abubakar Lawal
8.	Primera Africa Securities Limited	Mrs. Lilian Olubi
9.	Cordros Capital Limited	Mr. Marcus Oladapo
10.	Stanbic IBTC Stockbrokers Limited	Ms. Bunmi Olarinoye

Finance & Investments Committee

The Finance & Investments Committee chaired by Mr. Ariyo Olushekun was set up to expedite the process for approval of certain actions which can only be carried out by the authority of the Board. It is authorised to determine on behalf of the Board, matters relating to staffing, finance, financial procedures and any other matter the Board may determine.

The Terms of Reference of the Finance & Investments Committee include:

- ◆ To ensure that statements of financial position are presented to the Board on a regular basis and that appropriate action is taken on matters raised.
- ◆ To ensure that clear policies are in place on treasury management, investment management, risk management and other financial processes and that these policies are periodically reviewed.

The Finance & Investments Committee met 5 (Five) times in 2017 and had a joint meeting with the Technical Committee twice in 2017. The following institutions were members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	Capital Assets Limited	Mr. Ariyo Olushekun
2.	Anchoria Investment & Securities Limited	Mr. Ifedayo Ige
3.	Prominent Securities Limited	Mrs. Modupe Dada
4.	Heirs Holdings Capital Limited	Mr. Samuel Nwanze
5.	Regency Assets Management Limited	Mr. Segun Omowaye

Market Development Committee

The Market Development Committee chaired by Mr. Oladipo Aina assists the Board in fulfilling its responsibility relating to market awareness, business development, client retention and recommend policies that will encourage trading activities on the NASD OTC market.

The Terms of Reference of the Market Development Committee include:

- ◆ To advise the Board on business development issues.

- ◆ To oversee and make recommendations to the Board on all issues which impact on the Company's image.

The Committee meets on an ad hoc basis as the need arises. The Market Development Committee met once in 2017 and had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	Signet Investments & Securities Limited	Mr. Oladipo Aina
2.	TFS Securities & Investment Company Limited	Mrs. Ebiere Helen Fumudoh
3.	GTI Capital Limited	Mr. Abubakar Lawal
4.	Chapel Hill Denham Securities Limited	Ms. Obiageli Ugboma
5.	Regency Assets Management Limited	Mr. Samuel Omowaye
6.	United Capital Plc.	Mr. Kayode Fadahunsi
7.	Tubiped Investment Limited	Mr. Olutunde Odetoyinbo
9.	WSTC Financial Services Limited	Mr. Shola Ojelade
10.	First City Monument Bank	Mr. Abiodun Fagbulu
11.	Vetiva Capital Management Limited	Mr. Damilola Ajayi
12.	Valmon Securities Limited	Mr. Akinyemi Gabriel
13.	Stanbic IBTC Stockbrokers Limited	Ms. Titi Ogungbesan

Technical Committee

The Technical Committee chaired by Mr. Adeolu Bajomo assists the Board in its responsibility to choose a reliable trading platform, assess the viability and integrity of the trading network, product development and improving IT strategy.

The Terms of Reference of the Technical Committee include:

- ◆ To constitute an interview panel to assess the suitability of Technical Consultants for various projects and advise the Board accordingly.
- ◆ To define the scope of work and deliverables of technical consultants and vendors.
- ◆ To monitor the effectiveness and efficiency of the Technical consultants in meeting set objectives.
- ◆ To report to the Board on all activities that pertain to the activities of the Technical Consultants.

The Technical Committee had two (2) joint meetings with the Finance & Investments Committee in 2017 and had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	NSE Consult Limited	Mr. Adeolu Bajomo
2.	Signet Investments & Securities Limited	Mr. Oladipo Aina
3.	Greenwich Trust Limited	Mr. Kayode Falowo
4.	GTI Capital Limited	Mr. Abubakar Lawal
5.	Chapel Hill Denham Securities Limited	Ms. Obiageli Ugboma
6.	Coronation Securities limited	Mr. Aigbovbioise Aig-Imoukhuede
7.	Capital Assets Limited	Mr. Ariyo Olushekun
9.	Tubiped Investment Limited	Mr. Olutunde Odetoyinbo

Audit & Risk Committee

The Audit & Risk Committee chaired by Mr. Abubakar Lawal was set up to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the integrity of NASD's financial reporting; the effectiveness of the Company's systems of financial risk management and risk management framework. The Committee met two (2) times in 2017 and had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	GTI Capital Limited	Mr. Abubakar Lawal
2.	Chapel Hill Denham Group	Ms. Obiageli Ugboma
3.	Coronation Securities Limited	Mr. Aigbovbioise Aig-Imoukhuede
4.	NSE Consult Limited	Mr. Adeolu Bajomo

Governance & General-Purpose Committee

The Governance & General-Purpose Committee chaired by Mr. Chike Nwanze was set up to assist the Board in fulfilling its obligations by providing a focus on governance intended at enhancing the Board's performance taking into consideration established governance best practices and ensuring that there is a robust and effective process for evaluating the performance of the Board, Board Committees and individual directors. The Committee met four (4) times in 2017 and had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	Icon Stockbrokers Limited	Mr. Chike Nwanze
2.	Signet Investments & Securities Limited	Mr. Oladipo Aina
3.	Capital Assets Limited	Mr. Ariyo Olushekun
4.	GTI Capital Limited	Mr. Abubakar Lawal
5.	Chapel Hill Denham Group	Ms. Obiageli Ugboma
6.	NSE Consult Limited	Mr. Adeolu Bajomo

Disciplinary Committee

The Disciplinary Committee chaired by Mr. Chike Nwanze was set up to investigate any allegation of violation of the NASD OTC Rules and adjudicate all disputes between Participating Institutions and their customers. The Committee met two times in 2017 and had the following institutions as members as at 31 December 2017:

S/N	INSTITUTION	REPRESENTATIVE
1.	Icon Stockbrokers Limited	Mr. Chike Nwanze
2.	Coronation Securities limited	Mr. Aigbovbioise Aig-Imoukhuede
3.	Heirs Holdings Capital Limited	Mr. Samuel Nwanze
4.	Capital Market Solicitors Association	Mr. Zik Chuka Obi
5.	Chartered Institute of Stockbrokers	Mr. Adedapo Adekoje

4. Statutory Audit Committee

As at 31 December 2017, the Audit Committee consisted of Six (6) members, three of whom are members of the Board of Directors and the other three members being independent shareholders. The Audit Committee is chaired by an independent shareholder member. The Committee meets to review the adequacy of the external audit plan, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in the external audit report, to review the adequacy and degree of business compliance with the laws, code of business principles and any other relevant regulatory framework.

The Audit Committee met twice during the 2017 financial year and the following members served on the Committee during this period:

INSTITUTION	REPRESENTATIVE	STATUS	DESIGNATION	ATTENDANCE
APT Securities and Funds Limited	Mr. Kashimu Garba Kurfi	Shareholders' Representative	Chairman	2
GTI Securities Limited	Mr. Abubakar Lawal	Non-Executive Director	Member	1
Chapel Hill Denham Securities Limited	Ms. Obiageli Ugboma	Non-Executive Director	Member	1
Coronation Securities Limited	Mr. Aigbovbioise Aig-Imoukhuede	Non-Executive Director	Member	2
WSTC Financial Services Limited	Mrs. Ayodeji Oloye	Shareholders' Representative	Member	1
FBN Capital Limited	Mrs. Temitope Adeosun	Shareholders' Representative	Member	2

5. Code Of Business Principles

NASD Plc has a documented code of business principles to guide all employees and business partners in the discharge of their duties. The code sets the standard of professionalism and degree of integrity required for business operations. Among other things, the code covers the following areas: compliance with the law, conflicts of interest, public activities, diversity in the workplace, accuracy and reliability of financial reporting, related and interested party transactions, etc. It also covers procedure for handling breaches and instances of non-compliance.

The Company has adopted a code of conduct regarding securities transactions by its directors and other interested parties in accordance with rules governing transactions with related parties or interested parties.

6. Investor Relations And Shareholders Communication

The Board understands the importance of effective communication with shareholders. NASD has a vibrant and dynamic website where important information is provided on a timely basis. There is also a dedicated information desk where email enquiries are responded to within 24 hours. The Annual General Meeting gives the shareholders an opportunity to communicate and interact with members of the Board.

7. Whistle Blowing Policy

The Company has established a Whistle Blowing policy which provides a secure channel of communication for all employees and stakeholders to report issues of a sensitive nature or wrongdoing to the Board and management of NASD while maintaining the confidentiality of the whistle-blower. The company has a dedicated phone number and email address through which such complaints can be received. The Company's **whistleblowing@nasdng.com** is an email address dedicated solely to the receipt of complaints.

Management Team

The Management Team consisting of the Managing Director and heads of various departments/functions meets regularly to review the performance of the Company and assess progress against the achievement of laid down objectives. It also reviews programmes and strategies and assigns responsibilities and resources for achievement of set goals.

It is charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimizing the impact of such risks to the achievement of set Company's objectives.



Bola Ajomale
Managing Director/CEO



Kolawole Jiboku
Head, Finance & Accounts



Chioma Mbagwu
Head, Human Resources & Admin.



Jane Ijegbulem
Head, Legal & Compliance



Chinwendu Ekeh
Head, Market Operations

Report Of The Audit Committee

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004, we, the Members of the Audit Committee of NASD Plc, having carried out our statutory functions under the Act, hereby report that:

- (a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- (b) the scope and planning of both the external and internal audit programmes for the year ended 31 December 2017 are satisfactory and reinforce the Company's internal control system;
- (c) having reviewed the external auditors' findings and recommendations on Management matters we are satisfied with Management's response thereon.

Finally, we acknowledge the cooperation of Management in the conduct of these duties.



Mr. Kashimu Garba Kurfi
Chairman

Directors Report

For the year ended 31 December 2017



The Directors submit their report together with the audited financial statements for the year ended 31 December 2017.

(a) Legal form and principal activity

NASD Plc is licensed by the Securities and Exchange Commission to operate as an over the counter market for securities of unquoted companies.

(b) Operating results

Highlights of the Company's operating results for the year are as follows:

	2017	2016
	N'000	N'000
Loss before tax	(78,585)	(108,920)
Tax	(2,537)	37,499
Loss after tax	(81,122)	(71,421)
Loss per share (kobo)	(19.92)	(21.44)

The directors do not recommend the payment of a dividend.

(c) Directors and their interests

The directors who served during the year were as follows:

Name	Designation	Interests	
		Ordinary shares of ₦1 each	
		Direct	Indirect
Mr. Olutola Mobolurin	Chairman	-	21,490,311
Mr. Bola Ajomale	Managing Director	-	-
Mr. Abubakar Lawal	Non- Executive	-	30,476,190
Mr. Ade Bajomo*	Non- Executive	-	30,476,190
Mr. Ariyo Olushekun	Non- Executive	-	35,652,703
Ms. Obiageli Ugboma	Non- Executive	-	29,957,653
Mr. Chike Nwanze	Non- Executive	-	2,777,773
Mr. Aigbovbiose Aig-Imokhuede	Non- Executive	-	30,173,690
Mr. Kayode Falowo	Non- Executive	-	22,727,773
Mr. Oladipo Aina	Non- Executive	-	5,444,440
Mr. Samuel Nwanze	Non- Executive	-	38,093,333
Mr. Victor Ogiemwonyi*	Non- Executive	-	17,178,566

Mr. Victor Ogiemwonyi and Mr. Ade Bajomo resigned in January 2017 and December 2017 respectively.

(d) Shareholding

According to the register of members at 31 December 2017, the spread of shareholding in the Company was as follows:

Number of holding	Number of shareholders	Number of shares held	Percentage
1 - 1,000,000	20	8,692,463	2%
1,000,000 – 10,000,000	35	104,964,397	24%
Over 10,000,001	12	330,547,528	74%
	67	444,204,388	100%

Shareholders with 5% and above are listed below:

	Percentage	Board Representation
Greenwich Trust Limited	5.12	Yes
BGL Securities Limited	6.54	No
Chapel Hill Advisory Partners Limited	6.74	Yes
Falcon Securities Limited	6.75	No
Coronation Securities Limited	6.79	Yes
NSE Consult Limited	6.86	Yes
GTI Capital Limited	6.86	Yes
Capital Assets Limited	8.03	Yes
Heirs Holdings	8.58	Yes

(e) Human resources

Employment of disabled persons

The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Employee health, safety and welfare at work

The Company enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Company provides subsidies to all levels of employees for medical expenses and transportation.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

(f) Employee training and involvement

The directors maintain regular communication and consultation with the employees and staff representatives on matters affecting employees and the Company.

Training is carried out at various levels through in-house and external courses. Incentive schemes designed to encourage the involvement of employees in the Company's performance are implemented, whenever appropriate.

(g) Donations and gifts

The Company did not make any donation during the year (2016: Nil)

(h) Auditors

The Board of Directors has recommended the appointment of Deloitte & Touche as the Company's independent auditors commencing with the 2018 financial year. A resolution will be proposed at the Annual General Meeting to approve their appointment and to authorise the Directors to fix their remuneration.

By order of the Board



L. Omolola Ikwuagwu (Mrs)

GIO Nominees Limited

Company Secretary

FRC/2014/NBA/00000007013

26 March 2018

Statement of Directors' Responsibilities

For the year ended 31 December 2017

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. This responsibility includes:

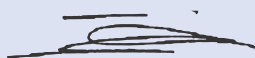
- (a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;
- (b) designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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 International Financial Reporting Standards as well as the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Company and of the loss for the period.

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.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.




Olutola Mobolurin

Chairman

FRC/2014/CISN/00000003804

26 March 2018



Bola Ajomale

MD/CEO

FRC/2014/CISN/00000005778


26 March 2018

Certification Pursuant To Section 60(2) of The Investments And Securities Act

We the undersigned hereby certify the following with regards to our Audited Financial Report for the year ended 31 December 2017 that:

- 1) We have reviewed the report;
- 2) To the best of our knowledge, the report does not contain:
 - a) Any untrue statement of a material fact, or
 - b) Omit to state a material fact, which would make a statement, misleading in light of the circumstance under which such statements were made;
- 3) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects, the financial condition and results of operation of the company as of, and for the periods presented in the report.
- 4) We:
 - a) are responsible for establishing and maintaining internal controls
 - b) have designed such internal controls to ensure that material information relating to the company is made known to us by others within the company particularly during the period in which the periodic reports are being prepared;
 - c) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - d) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of date;
- 5) We have disclosed to the Auditors of the company and Audit Committee:
 - a) all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - b) any fraud whether or not material, that involves management or other employees who have significant roles in the company's internal controls.

We have identified in the report whether or not there were significant deficiencies and material weaknesses.



MANAGING DIRECTOR/CEO



HEAD, FINANCE & ACCOUNTS



Independent auditor's report

To the Members of NASD Plc

Report on the audit of the financial statements

Our opinion

In our opinion, NASD Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

NASD Plc's financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2017;
- the statement of financial position as at 31 December 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



Key audit matter

How our audit addressed the key audit matter

Recoverability of deferred tax assets – N62.68million

We identified the recoverability of deferred tax assets as a key audit matter because of the magnitude of the deferred tax asset and the uncertainties around the directors' judgement in their estimation of the future taxable profits upon which deductible temporary differences or unused tax losses or credits will be applied.

Assumptions made include growth rates applied to actual cash flows taking into consideration future business plans.

The accounting policies and critical judgements relating to deferred tax assets are articulated in Notes 2.10, 4a and 16 to the financial statements respectively.

We adopted a substantive approach to testing the recoverability of the company's deferred tax assets.

We evaluated the directors' assessment of the sufficiency of future taxable profits in support of the recognition of deferred tax assets by assessing the cash flow projections and forecast of taxable profit compared to the company's business plan.

We challenged the assumptions on the growth rate of taxable and non-taxable transaction income in relation to future expected performance based on current business plan.

Other information

The directors are responsible for the other information. The other information comprises e.g. *the Directors Report, Statement of Directors' Responsibilities, Statement of value added and Five Year Financial Summary* (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and *the Corporate profile, Statement from the Chairman, Statement from the CEO, Corporate Governance Report, Certification of the financial statements, NASD Security Directory and NASD Registered Participating Institutions*, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors



determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure



about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires 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 purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books;
- iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Tolu Adeleke

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Leader: Tolulope Adeleke
FRC/2014/ICAN/00000008319



27 March 2018

Financial Statements



Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 December 2017	31 December 2016
		₦'000	₦'000
Fees and commission income	5	50,392	66,846
Employee benefits and compensation costs	6	(72,315)	(67,820)
Impairment charge on receivables	13	(1,942)	(2,232)
Other operating expenses	7	(125,963)	(147,866)
Operating loss		(149,829)	(151,072)
Interest income	8	71,244	42,152
Loss before tax		(78,585)	(108,920)
Taxation	9	(2,537)	37,499
Loss for the year		(81,122)	(71,421)
Total comprehensive loss for the year		(81,122)	(71,421)
Loss per share (kobo) - basic/adjusted	10	(19.92)	(21.44)

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

	Notes	31 December 2017 N'000	31 December 2016 N'000
Assets			
Cash and cash equivalents	11	1,693	51,887
Investment securities	12	479,972	296,535
Other assets	13	11,811	24,117
Intangible assets	14	10,727	-
Property and equipment	15	2,334	4,284
Deferred tax asset	16	62,683	62,683
Total assets		569,220	439,506
Liabilities			
Accounts payable	17	60,116	12,791
Current income tax	18	2,537	2,031
Total liabilities		62,653	14,822
Equity			
Share capital		444,204	333,153
Share premium		288,214	236,260
Accumulated losses	19	(225,851)	(144,729)
Total equity		506,567	424,684
Total liabilities and equity		569,220	439,506

The financial statements were authorised for issue by the Board of Directors on 26 March 2018 and signed on its behalf by:



Olutola Mobolurin
Chairman
FRC/2014/CISN/00000003804



Bola Ajomale
Managing Director/Chief Executive Officer
FRC/2014/CISN/00000005778

Additionally Certified by :



Kolawole Jiboku
Head, Finance and Accounts
FRC/2013/ICAN/00000003810

Statement Of Changes in Equity

		Share	Accumulated	
	Share capital	premium	losses	Total
	N'000	N'000	N'000	N'000
As at 1 January 2016	333,153	236,260	(73,308)	496,105
Loss for the year	-	-	(71,421)	(71,421)
As at 31 December 2016	333,153	236,260	(144,729)	424,684
As at 1 January 2017	333,153	236,260	(144,729)	424,684
Additions during the year	111,051	51,954	-	163,005
Loss for the year	-	-	(81,122)	(81,122)
As at 31 December 2017	444,204	288,214	(225,851)	506,567

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

		31 December	31 December
		2017	2016
	Notes	N'000	N'000
Operating activities			
Cash used in operations	21	(87,785)	(142,208)
Tax paid	18	(2,031)	(1,008)
Net cash used in operating activities		(89,816)	(143,216)
Investing activities			
Purchase of government bond and treasury bills		(273,877)	(222,625)
Proceeds from redemption of treasury bills		134,156	162,149
Purchase of property and equipment	15	(329)	(1,258)
Purchase of intangible assets	14	(10,727)	-
Proceeds from sale of property and equipment		-	13
Interest received		27,395	17,411
Net cash generated from investing activities		(123,382)	(44,310)
Financing activities			
Proceeds from rights issue		163,005	-
Net cashflow from financing activities		163,005	-
Decrease in cash and cash equivalents		(50,194)	(187,373)
Cash and cash equivalents at start of year		51,887	239,260
Cash and cash equivalents at end of year	11	1,693	51,887

The accompanying notes form an integral part of these financial statements

Notes To The Financial Statements

1 The Company

NASD Plc was incorporated as a private limited liability company in 1998 and converted to a public company in May 2013. It was licensed by the Securities and Exchange Commission in December 2012 to operate an over the counter (“OTC”) market for securities of unquoted companies.

Ownership

NASD Plc is owned by a number of licensed and corporate capital market operators.

2.1 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements include the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and explanatory notes. The financial statements were authorised for issue by the Board of Directors on 26 March 2018.

The financial statements are presented in Nigerian Naira (₦), which is the Company's presentation currency, and rounded to the nearest thousand (₦'000) unless otherwise indicated. Items in the statement of financial position have been presented in order of liquidity.

2.3 Basis of measurements

The financial statements have been prepared on a going concern basis using the historical cost.

2.4 Financial instruments

Recognition and initial measurement

Financial instruments are recognised initially when NASD becomes a party to the contractual provisions of the instruments. NASD classifies financial instruments, or their components parts, on initial recognition as a financial asset, a liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets. For financial instruments which are not at fair value through profit or loss, transactions costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Derecognition

Financial assets or liabilities are derecognised when the rights to receive cash flows from the investments or settlement of obligations have expired or have been transferred and NASD has transferred substantially all risks and rewards of ownership.

Off-setting

Financial assets or liabilities are set off and the net amount presented in the statement of financial position only when the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

a) Financial assets

Classification and subsequent measurement

For the purpose of measuring a financial asset after initial recognition, IAS 39 classifies financial assets into Fair Value through profit or loss, Held to Maturity, Loans and receivables and Available for sale instruments. The categories relevant to NASD are held to maturity and loans and receivables.

i) Held to Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are measured at amortised cost. If an entity sells a held-to-maturity investment other than in insignificant amounts or as a consequence of a non-recurring, isolated event beyond its control that could not be reasonably anticipated, all of its other held-to-maturity investments must be reclassified as available-for-sale for the current and next two financial reporting years.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The company's loans and receivables include receivables less than 3 months. The carrying amounts represents

the fair value amount.

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with bank and money market placements which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated.

For cashflow purposes, cash and cash equivalents include cash in hand, balances with banks and money market placements with original maturity of three months or less including treasury bills with less than three months from original maturity.

Impairment of financial assets

Assets carried at amortised cost

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be

recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Classification and subsequent measurement

NASD's financial liabilities comprises of accounts payable. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. If collection is expected in one year or less (or in the normal operating cycle of the business) they are classified as current liabilities. If not, they are presented as non current liabilities.

2.5 Intangible assets

Initial recognition and measurement

i. Internally generated intangible assets

An internally-generated intangible asset that arises from the company's computer software program development is recognised only if all of the following conditions are met:

- ◆ an asset is created that can be identified;
- ◆ it is probable that the asset created will generate future economic benefits; and
- ◆ the development cost of the asset can be measured reliably.

Internally-generated intangible assets are initially measured at cost and subsequently amortised on a straight-line basis over their expected useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

ii. Purchased computer software

Intangible assets that arises from purchased software are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the item can be reliably measured. Purchased computer software are measured initially at cost and are amortised on a straight-line basis over their expected useful lives.

Subsequent measurement/amortisation

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation period, amortisation method and residual value is reviewed at each financial year end.

The estimated useful life of intangible assets is as follows:

Computer software	3 years.
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The residual value of intangible assets is assumed to be zero.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Property and equipment

Recognition and measurement

An asset is recognized when it is probable that economic benefits associated with the item would flow to the company, the cost of the item can be reliably measured and when it is available for use.

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

Property and equipment items are recognised in the book of the company when they are available for use. All repairs and maintenance costs are charged to other operating expenses in the financial period in which they occur

Subsequent costs

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

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values on a systematic basis over their estimated useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de-recognised or classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and

Discontinued operations.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	4 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years

Each part of an item of office equipment, furniture and fittings with a cost that is significant in relation to the total cost of the item is depreciated separately.

The asset's residual values, useful lives and depreciation method are reviewed on an annual basis, and are adjusted if appropriate.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement under other operating expenses.

2.7 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Company currently provides a trading platform for its members through a lease arrangement with Nigerian Stock Exchange (NSE).

2.8 Share capital

I. Ordinary shares

Ordinary shares are classified as equity and are recorded at the proceeds received net of incremental

external costs directly attributable to the issue.

ii. Share premium

This represents the excess of share issuance price over the nominal price of the shares.

2.9 Employee benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the company does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In accordance with the provisions of the Pension Reform Act (PRA), the Company operates a defined contributory pension scheme. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of employment at the Company. The employee and the Company contribute 8% and 10% respectively of the employee's total emoluments to the scheme. The Company's contributions to the scheme are charged to profit or loss account in the year to which they relate.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

2.10 Taxation

The tax expense represents the sum of the current tax and deferred tax charge

The current tax is based on taxable profit for the year. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted

by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is charged or credited to profit or loss for the period, except to the extent that the tax arises from (1) a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity or (2) a business combination. Deferred tax is charged or credited outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss.

Deferred tax assets are recognised for taxable temporary differences arising on depreciation of property and equipment and unutilised tax losses. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.11 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the company has a present obligation as a result of a past event, and it is probable

that the company will be required to settle that obligation. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of VAT and other related sales taxes.

i. Fees and commission income

Commission income comprises transaction fees earned on trading activities and registration/ annual fees paid by registered participating institutions and their sponsored representatives.

ii. Interest income

Interest income comprises interest income on short term deposits, treasury bills and federal government bonds.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life

of the financial asset to that asset's net carrying amount.

2.13 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.14 Changes in accounting policies and disclosures

a) Other standards and amendments that were effective for the first time in 2017 that do not

Standard	Effective Date
Amendment to IAS 7– Statement of Cash Flows	1 January 2017
Amendments to IAS 12 – Income Taxes	1 January 2017

b) Standards and interpretations relevant to NASD issued/amended but not yet effective

As at 31 December 2017, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these financial statements. Details are set out below.

IFRS 9 Financial Instruments: Classification and measurement (effective 1 January 2018)

IFRS 9 introduces new requirements for the classification and measurement of financial assets.

The IFRS 9 requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two

primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in the income statement, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in the income statement.

IFRS 9 also requires that credit losses expected at the balance sheet date on financial instruments held at amortised cost are reflected in impairment allowances. The company is yet to quantify the impact of these changes on its financial statements.

IFRS 15 Revenue from contracts with customers (effective 1 January 2018)

The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The

underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Early adoption is permitted.

IFRS 16 – Leases (effective 1 January 2018)

This is a new standard introduced by IASB to replace existing standard IAS 17 - Leases. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

d) Other standards and amendments that were issued but not effective for the first time in 2017 and that are not relevant to NASD

Standard	Effective Date
Amendments to IFRS 10 and IAS 28 Sale or contribution of Assets between an Investor and its Associate and Joint Venture	Deferred indefinitely
IFRS 1 -First time Adopters: Deletion of short-term exemptions for first-time adopters	1 January 2018
Amendments to IFRS 2- Share based Payment- Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IAS 40- Investment Property-Transfers of Investment Property	1 January 2018
Amendments to IAS 28- Investing in Associates and Joint Ventures at fair value	1 January 2018
Amendments to IFRS 4- Insurance Contracts - Applying IFRS 9 with IFRS 4	1 January 2018

3 Financial risk management

(a) Introduction and overview

NASD Plc has exposure to the following risks from financial instruments:

- ◆ credit risk
- ◆ liquidity risk
- ◆ market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

(i) Risk management framework

The company maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy. The company's investment strategy states that its investible funds shall be spread among different financial institutions in such a

way that no single financial institutions shall hold more than 25% of its invested funds. The company's investment profile comprises short term deposit in financial institution in Nigeria and Nigerian Treasury Bills.

Financial assets & liabilities

Financial assets and liabilities are recognised in the statement of financial position and measured in accordance with their assigned category. The Company uses settlement date accounting for regular way contracts when recording financial asset transactions.

The Company classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The Company allocates financial assets to the following categories: loans and receivables and held-to-maturity investments, and financial liabilities to Financial liabilities at amortized cost. Management determines the classification of its financial instruments at initial recognition. The classification made can be seen below:

31 December 2017		Financial assets		Financial liabilities	
N'000	Held to Maturity	Loans and Receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	
Cash and cash equivalents	-	1,693	-	-	
Investment securities	479,972	-	-	-	
Other assets	-	5,099	-	-	
Account payable	-	-	-	60,116	
	479,972	6,792	-	60,116	
31 December 2016		Financial assets		Financial liabilities	
N'000	Held to Maturity	Loans and Recievables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	
Cash and cash equivalents	-	51,887	-	-	
Investment securities	296,535	-	-	-	
Other assets	-	3,226	-	-	
Account payable	-	-	-	8,918	
	296,535	55,113	-	8,918	
			31 December	31 December	
			2017	2016	
			N'000	N'000	
Financial assets					
Cash and cash equivalents			1,693	51,887	
Investment securities			479,972	296,535	
Other assets			5,099	3,226	
Financial liabilities					
Account payable			-	8,918	

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company, resulting in a financial loss to the company. It arises principally from debt securities held, and also from non derivative financial assets, cash and cash equivalents and balances due from

brokers. For risk management reporting purposes the company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Maximum exposure to credit risk	31 December	31 December
	2017	2016
	N'000	N'000
Balances with banks	1,670	12,539
Money market placement	-	39,202
Treasury bills	315,283	129,930
FGN bonds	164,689	166,605
Other assets	5,099	3,226
	486,741	351,502

The exposures set out above are based on amounts reported in the statements of financial position.

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors:

The following table shows the Company's credit exposure at their carrying amounts as categorised by geographical region as of 31 December 2017 and 31 December 2016.

31 December 2017	Treasury bills	FGN bonds	Money market placement	Balances with banks	Other Assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Nigeria	315,283	164,689	-	1,670	5,099	486,741
	315,283	164,689	-	1,670	5,099	486,741
31 December 2016	Treasury bills	FGN bonds	Money market placement	Balances with banks	Other Assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Nigeria	129,930	166,605	39,202	12,539	3,226	351,502
	129,930	166,605	39,202	12,539	3,226	351,502

(b) Industry sector:

The following table breaks down the Company's credit exposure at their carrying amounts as categorised by industry as of 31 December 2017 and 31 December 2016.

31 December 2016	Treasury bills	FGN bonds	Money market placement	Balances with banks	Other assets	Total
	N'000	N'000	N'000	N'000	N'000	N '000
Government	315,283	164,689	-	-	-	479,972
Financial services	-	-	-	1,670	-	1,670
Others	-	-	-	-	5,099	5,099
	315,283	164,689	-	1,670	5,099	486,741
31 December 2016	Treasury bills	FGN bonds	Money market placement	Balances with banks	Other assets	Total
	N'000	N'000	N'000	N'000	N'000	N '000
Government	129,930	166,605	-	-	-	296,535
Financial services	-	-	39,202	12,539	-	51,741
Others	-	-	-	-	3,226	3,226
	129,930	166,605	39,202	12,539	3,226	351,502

Credit quality of financial assets

IFRS 7 requires information about the credit quality of financial assets. This information is provided below for balances held with banks, money market placements, federal government bond and treasury bills.

FGN Bonds & Treasury Bills

	31-Dec-17	31-Dec-16
Sovereign Ratings	₦'000	₦'000
Nigeria (B) S&P	479,972	296,535
	479,972	296,535
Balances with banks	31-Dec-17	31-Dec-16
External credit rating (S&P)	₦'000	₦'000
B+	1,670	12,539
	1,670	12,539
Money market placement		
	31-Dec-17	31-Dec-16
External credit rating (S&P)	₦'000	₦'000
B-	-	39,202
	-	39,202
Unrated (other assets)	5,099	3,226
	5,099	3,226

Rating Legend:**External credit rating (S&P)**

B: Highly speculative credit rating

B+: Highly speculative credit rating

B-: Highly speculative credit rating

(i) Management of credit risk

The Company's policy over credit risk is not to deal with counterparties with perceived higher risk of default and by dealing only with counterparties meeting the credit standards set out in the company's prospectus.

NASD Plc is not currently involved in granting credit facilities to counterparties and does not hold investment securities

of any organisation. Also, NASD Plc does not collect funds directly from brokers for trades executed through its platform, rather all cash settlements for trades executed are managed by Central Securities Clearing Systems Plc (CSCS) and accredited settlement banks.

(ii) Exposure to credit risk

The Company's maximum credit risk exposure is managed by only investing idle funds in Treasury bills and financial institutions with high credit rating and at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(iii) Cash and cash equivalents

The Company's cash and cash equivalents are held mainly with selected deposit money banks. The investment team monitors the financial position of the institutions on a monthly basis.

(iv) Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions the company mitigates this risk by conducting settlements through Central Securities Clearing Systems Plc and its accredited six (6) settlement banks which executed firm agreements with CSCS that all trades executed by the bank's clients (that is, brokers firms) will be settled.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(i) Management of liquidity risk

The Company's policy and the investment team's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of short term fund placements, without incurring unacceptable losses or risking damage to the company's reputation.

The Company's liquidity risk is managed on a daily basis by the investment team in accordance with policies and procedures in place. The Company's investment team at all time may invest up to 40% of the Company's assets in cash, cash equivalents and money market instruments.

(ii) Liquidity gap analysis

The table below analyses financial liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The table includes both principal and interest cash flows.

31 December 2017

	Carrying amount N'000	Gross nominal N'000	less than 3months N'000	3-6 months N'000	6-12 months N'000	1-5years N'000
Financial liabilities						
Accounts payable	-	-	-	-	-	-
	-	-	-	-	-	-
Financial assets						
Cash and cash equivalents	1,693	1,693	1,693	-	-	-
Investment securities	479,972	548,793	-	315,283	-	164,689
Other assets	5,099	5,099	5,099	-	-	-
	486,764	555,585	6,792	315,283	-	164,689
Gap(assets-liabilities)	486,765	555,585	6,792	315,283	-	164,689
Cummulative liquidity gap			6,792	322,076	322,076	486,765

31 December 2016

	Carrying amount N'000	Gross nominal N'000	less than 3months N'000	3-6 months N'000	6-12 months N'000	1-5years N'000
Financial liabilities						
Accounts payable	5683	5,683	5,683	-	-	-
	5,683	5,683	5,683	-	-	-
Financial assets						
Cash and cash equivalents	51,887	51,887	51,887	-	-	-
Investment securities	296,535	210,890	-	129,930	-	166,605
other assets	2,434	2,434	2,434	-	-	-
	350,856	265,211	54,321	129,930	-	166,605
Gap(assets-liabilities)	345,173	259,528	48,638	129,930	-	166,605
Cummulative liquidity gap			48,638	178,568	178,568	345,173

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices will affect the company's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Management of market risk

The company's strategy for the management of market risk is driven by the company's investment objective, which

focuses on long-term growth while taking into cognizance the preservation of investor capital.

The company's market risk is managed on a daily basis by the investment team in accordance with policies and procedures in place. The company's investment team may not invest more than 25% of its investible funds in any single financial institution.

(ii) Currency risk

NASD Plc has no investments that are exposed to currency risk and it does not plan to enter into such investment in the foreseeable future.

(iii) Interest rate risk

The Company's investment in fixed interest money market placements, treasury bills and Federal Government Bonds are not exposed to interest rate risks, due to the short term nature of the placements and treasury bills the fair value risk is considered insignificant.

Exposure to fixed interest rate risk

31 December 2017

Assets	Fixed	Non-Interest bearing	Total
	₦'000	₦'000	₦'000
Balances with banks	-	1,670	1,670
Money market placement	-	-	-
Treasury bills	315,283	-	315,283
FGN bonds	164,689	-	164,689
Other assets	-	5,099	5,099
Liabilities			
Accounts payable	-	-	-
31 December 2016			
Assets	Fixed	Non-Interest bearing	Total
	₦'000	₦'000	₦'000
Balances with banks		12,539	12,539
Money market placement	39,202	-	39,202
Treasury bills	129,930	-	129,930
FGN bonds	166,605	-	166,605
Other assets	-	3,226	3,226
Liabilities			
Accounts payable	-	8,918	8,918

A reasonably possible change of 1% in interest rates of the Company's Federal Government Bonds at the reporting date would increase (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	1% Increase	1% Decrease
	₦'000	₦'000
31 December 2017		
Loss before tax	(77,588)	(79,582)
31 December 2016		
Loss before tax	(106,922)	(110,918)

3.1 Fair value of financial assets and liabilities

All of NASD's assets and liabilities are measured at amortized cost. For financial assets with short term maturity the amortized cost closely approximates the fair value.

The table below shows the analysis of financial instruments not measured at fair value:

	Carrying value ₦'000	Fair value ₦'000
At 31 December 2017		
Financial assets		
Cash and cash equivalents	1,693	1,693
Investment securities	479,972	471,748
Other assets	5,099	5,099
	486,764	478,541
Financial liabilities		
Accounts payable	-	-
	-	-
At 31 December 2016		
Financial assets		
Cash and cash equivalents	51,887	51,887
Investment securities	296,535	279,397
Other assets	3,226	3,226
	351,648	334,510
	Carrying value ₦'000	Fair value ₦'000
Financial Liabilities		
Accounts payable	8,918	8,918
	8,918	8,918

Fair value hierarchy for financial assets not measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3: Inputs for the asset or liability that are not based on observable market data.

The table below sets out the fair values of investment securities not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

At 31 December 2017	Level 1	Level 2	Level 3	Total
Assets	N'000	N'000	N'000	N'000
Investment securities	152,728	319,020	-	471,748
At 31 December 2016	Level 1	Level 2	Level 3	Total
Assets	N'000	N'000	N'000	N'000
Investment securities	-	279,397	-	279,397

Fair valuation methods and assumptions

For other financial assets and liabilities not measured at fair value, due to their short term nature, the fair values are not significantly different from their carrying amounts. These financial assets and liabilities are as follows:

(i) **Cash and cash equivalents**

Cash and cash equivalents represent cash and short term deposit held with various banks in Nigeria. The fair value of these balances approximates their carrying amounts.

(ii) **Other assets**

Other assets represent short term receivables from third parties, therefore the fair values of these balances approximates their carrying amounts.

(iii) **Accounts payable**

Sundry creditors represents short term payables to third parties. The carrying value approximates the value required to settle these liabilities. Hence, the fair values of these balances approximate their carrying amount.

Critical judgements and estimates

4. The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets,

liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions have been based on historical experience and other factors that management believes to be reasonable under the circumstances.

(a) **Recoverability of deferred tax assets**

The company has deferred tax assets amounting to N106.14m (31 December 2016: N62.68m) out of which N62.68m has been recognised. The deferred tax assets are primarily due to taxable losses of N321 million (31 December 2016: N184 million). The company has concluded that deferred tax assets will be recoverable using the estimated future taxable income based on approved profit projections of the company. The losses can be carried forward indefinitely and have no expiry date.

	31 December	31 December
5 Fees and commission income	2017	2016
	N'000	N'000
Trading commission	23,079	32,232
Registration fees	24,530	33,951
Other income	2,783	663
	50,392	66,846
	31 December	31 December
6 Employee benefits and compensation costs	2017	2016
	N'000	N'000
Salaries and wages	67,035	62,722
Pension cost	5,280	5,098
	72,315	67,820

	31 December	31 December
	2017	2016
	N'000	N'000
7 Other operating expenses		
Trading costs	62,972	82,484
Marketing expenses	7,978	12,491
Consultancy fees	2,098	2,232
Rent	10,542	8,625
Service charge	6,087	6,000
Depreciation (note 15)	2,279	5,993
Amortisation (note 14)	-	402
Annual general meeting expense	1,519	2,142
Travelling expenses	3,005	5,326
Insurance expense	4,039	5,374
Training expenses	564	4,350
Auditor's remuneration	4,200	4,000
Conference and seminars	1,914	1,738
Penalties	2,162	-
Printing and stationeries	2,027	2,229
General and administrative expenses	14,577	4,481
	125,963	147,867

No non-audit services was provided to the Company during the period. (2016: Nil)

	31 December	31 December
	2017	2016
	N'000	N'000
8 Interest income		
Treasury bills	45,632	19,731
Money market placements	5,285	9,625
Bonds	20,327	12,796
	71,244	42,152

	31 December	31 December
	2017	2016
	₦'000	₦'000
9 Taxation		
Deferred tax income(Note 16)	-	(39,530)
Minimum tax	2,537	2,031
	2,537	(37,499)
Reconciliation of effective tax rate		
Loss before income tax	(78,585)	(108,920)
Non-deductible expenses	9,268	9,268
Tax exempt income	(32,102)	(32,102)
Taxable loss	(101,419)	(131,754)
Education tax	-	-
Minimum tax	2,537	2,031
Current tax on income for the year	2,537	2,031
Deferred tax credit to income statement	-	(39,530)
Tax expense/(credit) for the year	2,537	(37,499)

The Company has a 'Nil' company income tax for 2017 (2016: nil) due to its assessable loss situation. Minimum tax has been computed as the Company is liable to be assessed under the minimum tax law. However, education tax is not included as a result of the assessable loss situation.

	31 December	31 December
	2017	2016
10 Loss per share		
Loss for the year attributable to shareholders (₦'000)	(81,122)	(71,421)
Weighted average number of ordinary shares in issue (000)	407,187	333,153
Basic loss per share (expressed in kobo per share)	(19.92)	(21.44)

	31 December	31 December
	2017	2016
	₦'000	₦'000
11 Cash and cash equivalents		
Cash	23	146
Balances with banks	1,670	12,539
Money market placements	-	39,202
	1,693	51,887

14 Intangible assets

Cost	Computer software N'000	Trading software N'000	Work in progress N'000	Total N'000
As at 1 January 2017	370	879	-	879
Addition (work in progress)	-	-	10,727	10,727
As at 31 December 2017	370	879	10,727	11,606
Accumulated amortisation				
As at 1 January 2017	370	879	-	879
Charge for the year	-	-	-	-
As at 31 December 2017	370	879	-	879
Net book value as at 31 December 2017	-	-	10,727	10,727
Cost	Computer software N'000	Trading software N'000	Work in progress N'000	Total N'000
As at 1 January 2016	370	879	-	879
Addition	-	-	-	-
As at 31 December 2016	370	879	-	879
Accumulated amortisation				
As at 1 January 2016	261	586	-	586
Charge for the year	109	293	-	293
As at 31 December 2016	370	879	-	879
Net book value as at 31 December 2016	-	-	-	-

15 Property and equipment	Motor vehicles N'000	Office equipment N'000	Furniture and fittings N'000	Computer equipment N'000	Total N'000
Cost					
As at 1 Jan 2017	16,598	298	9,496	4,595	30,987
Addition	-	45	80	204	329
As at 31 Dec 2017	16,598	343	9,576	4,799	31,316
Accumulated depreciation					
As at 1 Jan 2017	14,786	261	7,814	3,842	26,703
Charge for the year	453	39	1,055	732	2,279
As at 31 Dec 2017	15,239	300	8,869	4,574	28,982
Net book value					
As at 31 Dec 2017	1,359	43	707	225	2,334
	Motor vehicles N'000	Office equipment N'000	Furniture and fittings N'000	Computer equipment N'000	Total N'000
Cost					
As at 1 Jan 2016	16,598	298	8,736	4,223	29,855
Addition	-	-	760	498	1,258
Disposal	-	-	-	(126)	(126)
As at 31 Dec 2016	16,598	298	9,496	4,595	30,987
Accumulated depreciation					
As at 1 Jan 2016	11,623	202	6,137	2,873	20,835
Charge for the year	3,163	59	1,677	1,095	5,994
Disposal	-	-	-	(126)	(126)
As at 31 Dec 2016	14,786	261	7,814	3,842	26,703
Net book value					
As at 31 Dec 2016	1,812	37	1,682	753	4,284

16 Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2016: 30%).

	31 December	31 December
	2017	2016
	N'000	N'000
At 1 January	(62,683)	(23,153)
Credited to profit and loss account	-	(39,530)
At 31 December	(62,683)	(62,683)

	31 December	31 December
	2017	2016
	N'000	N'000
16.1 Deferred tax assets		
Deferred income tax assets are attributable to the following items:		
Property and equipment	(8,504)	(8,504)
Unutilised tax losses	(54,179)	(54,179)
	(62,683)	(62,683)

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets to be recovered after more than 12 months	(62,683)	(62,683)
---	-----------------	-----------------

Deferred tax assets of N43.46 Million existed in the books as at December 31, 2017 but yet to be recognised

	31 December	31 December
	2017	2016
	N'000	N'000
17 Accounts payable		
Withholding tax payable	388	3,873
Accrued expenses	34	4,202
Other payables	59,694	4,716
	60,116	12,791
Current	60,116	12,791

	31 December 2017	31 December 2016
18 Current income tax	₹'000	₹'000
At start of year	2,031	1,008
Payments made during the year	(2,031)	(1,008)
Charge for the year	2,537	2,031
At end of year	2,537	2,031

	31 December 2017	31 December 2016
19 Accumulated losses	₹'000	₹'000
Balance at beginning of year	(144,729)	(73,308)
Loss for the year	(81,122)	(71,421)
	(225,851)	(144,729)

20 Contingent liabilities

The Company had no pending litigation or other contingent liabilities as at 31 December 2017 (31 December 2016: Nil).

	31 December 2017 ₹'000	31 December 2016 ₹'000
21 Cash (used in)/generated from operations		
Loss before income tax	(78,585)	(108,920)
Adjustments for		
- Depreciation (Note 7)	2,279	5,993
- Amortisation (Note 7)	-	402
- Interest income (Note 8)	(71,244)	(42,152)
- Profit on disposal of fixed asset	-	(13)
- Impairment provision	1,942	2,232
Changes in components of working capital		
- Decrease in other assets	10,362	249
- Increase in payables	47,461	154
	(87,785)	(142,055)

22. Related party transactions

The Company has related party relationships where control and/or significant influence exists with its shareholding members. The company enters into business transactions with these members who are also its customers, on an arms length basis in the normal course of business.

The income and expenses and assets and liabilities resulting from transactions with related parties are as follows:

Transactions	Type of relationship	Nature of transaction	2017 N'000	2016 N'000
Income:				
Registration fees	Shareholding companies	Fees from shareholding companies that are also dealers	19,204	6,284
Assets:				
Chapel Hill Denham Group	Shareholder	Money market placement	-	818

	31 December 2017 N'000	31 December 2016 N'000
22.1 Key management compensation		
Salaries and other short-term employee benefits	45,000	43,500
Defined contribution	3,483	3,373
	48,483	46,873

Key management comprise of the Managing director, Chief financial officer and Operations manager.

23 Directors and employees

The average number of persons employed by the Company during the year was as follows:

	31 December 2017	31 December 2016
Executive director	1	1
Management	3	3
Non-management	10	8
	14	12

	31 December 2017 N'000	31 December 2016 N'000
The total employee benefits expense in the year comprise the following:		
Salaries and other short term benefits	67,035	62,722
Post employment benefits	5,280	5,098
	72,315	67,820

The number of employees of the company, other than directors, who received emoluments in the following ranges were:

	31 December 2017	31 December 2016
N500,001 - N1,000,000	3	2
N1,000,000 - N4,000,000	6	5
Over N4,000,000	4	4
	13	11

	31 December 2017 N'000	31 December 2016 N'000
24 Directors' emoluments		
Remuneration paid to the Company's directors:		
Executive directors' compensation	25,000	25,000
Fees and other emoluments disclosed above include amounts paid to:		
Highest paid director	25,000	25,000
	25,000	25,000

25 Capital commitments

There were no capital commitments to purchase any asset as at 31 December 2017 (31 December 2016: Nil).

26. Operating leases - trading platform

The Company's trading platform is leased from the Nigerian Stock Exchange (NSE). The future minimum lease payments under (non cancellable) operating leases are as follows:

	2017 N'000	2016 N'000
No later than one year	57,750	57,750
Later than 1 year but no more than 5 years	Nil	Nil
Later than 5 years	Nil	Nil
The movement schedule for the prepaid leased trading platform (note 13) is shown below:		
At 1 January	13,077	16,066
Addition	-	78,461
Charge for the year	-	(81,450)
At 31 December	13,077	13,077

Value Added Statement

For the year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Gross income	121,636	108,998
Cost of bought in materials and services	(125,626)	(143,703)
Value eroded	(3,990)	(34,705)
Distribution		
Directors and employees		
Salaries and benefits	72,315	67,820
Government		
Taxes	2,537	(37,499)
Retained in the Company		
Loss	(81,121)	(71,421)
The future		
Asset replacement (depreciation & amortization)	2,279	6,395
	(3,990)	(34,705)

Five-year Financial Summary

For the year ended 31 December 2017

	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Statement of financial position	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	1,693	51,887	239,260	147,681	458,655
Investment securities	479,972	296,535	211,318	228,569	38
other assets	11,811	24,116	26,597	15,251	8,967
Intangible assets	10,727	-	402	805	588
Property and equipment	2,334	4,285	9,020	12,092	17,596
Deferred tax asset	62,683	62,683	23,153	35,597	2,502
	569,220	439,506	509,750	439,995	488,346
Liabilities					
Accounts payable	60,116	12,791	12,637	5,557	10,362
Current income tax	2,537	2,031	1,008	-	-
	62,653	14,822	13,645	5,557	10,362
Equity					
Share capital	444,204	333,153	333,153	333,153	333,153
Share premium	288,214	236,260	236,260	236,260	236,260
Accumulated losses	(225,851)	(144,729)	(73,308)	(134,975)	(91,429)
Total liabilities and equity	569,220	439,506	509,750	439,995	488,346
	12 months	12 months	12 months	12 months	12 months
	ended	ended	ended	ended	ended
	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Statement of comprehensive income					
Gross earnings	121,636	108,998	311,780	71,439	88,053
Net operating income	121,636	108,998	311,780	71,439	88,053
Employee benefits and compensation cost	(72,315)	(67,820)	(71,783)	(67,059)	(67,071)
Other operating expenses	(127,905)	(150,098)	(164,878)	(81,021)	(57,278)
(Loss)/profit before tax	(78,584)	(108,920)	75,119	(76,641)	(36,296)
Tax	(2,537)	37,499	(13,452)	33,095	2,502
(Loss)/profit for the year	(81,121)	(71,421)	61,667	(43,546)	(33,794)
Basic (loss)/earnings per share (kobo)	(19.92)	(21.44)	18.51	(13.00)	(10.00)

NASD Securities Directory



Security Directory by Industry

As at 31 December 2017

Consumer Goods

These are products that are purchased for consumption by the average consumer. Alternatively called final goods, consumer goods are the end result of production and manufacturing and are what a consumer will see on the store shelf.

Admitted Securities under Consumer Goods:

Food Product



Dufil Prima Foods Plc was incorporated in 1995 and admitted to trade on NASD OTC market on 20 January 2015 with security code **SDDUFIL**. The principal activities of the company is manufacturing and marketing of Indomie brand of instant noodles. It has an issued and fully paid capital of 6.8billion Ordinary Shares of 50 kobo each.



FrieslandCampina WAMCO Plc was incorporated in April 1973 and admitted to trade on NASD OTC market on 25 July 2013 with security code **SDFCWAMCO**. The company is principally engaged in manufacturing and marketing of evaporated milk, instant milk powder and other dairy products. It has an issued and fully paid capital of 976 million Ordinary Shares of 50 kobo each.



Fumman Agricultural Product Industries Plc was incorporated in 1994 and admitted to trade on NASD OTC market on 8 June 2015 with security code **SDFUMMAN**. The company is principally engaged in producing and marketing wholesome fruits and juices in Nigeria. It has an issued and fully paid capital of 3.6 billion Ordinary Shares of 50 kobo each.



Free Range Farms Plc was incorporated in 2009 and admitted to trade on NASD OTC market on 28 September 2015 with security code **SDFARMSPLC**. The company is principally engaged in carrying out integrated poultry farming. It has an issued and fully paid capital of 520 million Ordinary Shares of 50 kobo each.



Vital Products Plc was incorporated in 1999 and admitted to trade on NASD OTC market on 25 January 2016 with security code **SDVITPROD**. The company is principally engaged in manufacturer and distributor of fruit drinks and non-alcoholic beverages. It has an issued and fully paid capital of 1.82 billion Ordinary Shares of 50 kobo each.



Fan Milk Plc was incorporated on the 4 November 1961 and admitted to trade on NASD OTC market on 25 February 2016 with security code **SDFANMILK**. The company is principally engaged in production and distribution of dairy and food products. It has an issued and fully paid capital of 999.82 million Ordinary Shares of 50 kobo each.

Consumer Services

A sector of the economy that consists of businesses that sells nonessential goods and services. Companies in this sector include retailers, media companies, consumer services companies, consumer durables and apparel companies and automobiles and components companies.

Admitted Securities under Consumer Services



Food Concepts Plc commenced operations in 2001 and admitted to trade on NASD OTC market on 15 July 2013 with security code **SDFOODCPT**. The company engaged in the provision of restaurant services, bakery and confectionery products. It has an issued and fully paid capital of 5.7 billion Ordinary Shares of 50 kobo each.



This company (originally known as Bata Trading Company) was founded in 1932 and admitted to trade on NASD OTC Market 5 April 2016 with security code **SDFAMADPLC**. The company is mainly into manufacturing and marketing of footwear and purchasing and sales of footwear accessories. It has an issued and fully paid capital of 185 million Ordinary Shares of 50 kobo each.

Financials

A category of stocks containing firms that provides financial services to commercial and retail customers. This sector includes banks, investment funds, insurance companies and real estate.

Admitted Securities under Financials Industry

Real Estate Services



Afriland Properties Plc was incorporated on 14 March 2007 and admitted to trade on NASD OTC market on 9 April 2014 with security code **SDAFRILAND**. The company principal line of business includes Property Development, Project Management and Property Acquisition and Sales. It has an issued and fully paid capital of 1.3 billion Ordinary Shares of 50 kobo each.



Mixta Real Estate Plc (formerly ARM Properties Plc) commenced operations in February 2006 as a real estate investment fund management and admitted to trade on NASD OTC market on 11 May 2015 with security code **SDMIXREAL**. The company is licensed to provide property development and investment services. It has an issued and fully paid capital of 1.9 billion Ordinary Shares of 50 kobo each.

Insurance



ARM Life Plc was incorporated in 1994 and admitted to trade on NASD OTC market on 10 February 2014 with security code **SDARMLIFE**. The company is licensed and regulated by the National Insurance Commission of Nigeria (NAICOM) to underwrite Life, Annuity and Health insurance. It has an issued and fully paid capital of 5.8 billion Ordinary Shares of 50 kobo each.



Industrial & General Insurance Plc was incorporated on 31 October 1991 and admitted to trade on NASD OTC market on 19 July 2013 with security code **SDIGIPLC**. The company is licensed and regulated by the National Insurance Commission of Nigeria (NAICOM) to cover tailor-made Life and Non-Life Insurance protection. It has an issued and fully paid capital of 14.2 billion Ordinary Shares of 50 kobo each.



Ensure Insurance PLC (formerly known as Union Assurance Company PLC) (the Company) established in 1993 and admitted to trade on NASD OTC market on 21 October 2016 with security code **SDENSURPLC**. The company is licensed and regulated by the National Insurance Commission of Nigeria (NAICOM) to cover underwriting of Life and Non-Life businesses. It has an issued and fully paid capital of 7.5 billion Ordinary shares of 50 kobo each.

Mortgage Finances



Spring Mortgage Plc commenced business in July 2004 and admitted to trade on NASD OTC market on 12 May 15 with security code **SDSPRINGM**. The company is licensed to performing property management, trading and estate agency duties in Nigeria. It has an issued and fully paid capital of 7.1 billion Ordinary Shares of 50 kobo each.



Trustbond Mortgage Bank Plc was incorporated in 2014 and admitted to trade on NASD OTC market on 7 August 2014 with security code **SDTRUSTMB**. The company is licensed to provide Mortgages, Real Estate Finance and Financial Advisory services. It has an issued and fully paid capital of 10.95 billion Ordinary Shares of ₦1 each.



Nigeria Mortgage Refinance Company Plc was incorporated on 24th of June 2013 and admitted to trade on NASD OTC market on 27 November 2015 with security code **SDNMRCPLC**. The company is licensed to provide and encourage financial institutions by increasing their mortgage lending and providing them with long term funding. It has an issued and fully paid capital of 1.76 billion Ordinary Shares of ₦1 each.



AG Mortgage Bank Plc was incorporated on 21st July, 2004 and admitted to trade on NASD OTC market on 17 June 2016 with security code **SDAGMBANK**. The company is licensed to carry on business as a Primary Mortgage Institution [PMI]. It was granted a mortgage banking license by the Central Bank of Nigeria in December, 2004 and commenced full operations by 31st January, 2005. It has an issued and fully paid capital of 3.08 billion Ordinary Shares of 50 kobo each.

Special Services



Central Securities Clearing System Plc was incorporated on July 29, 1992 and admitted to trade on NASD OTC market on 12 May 2014 with security code **SDCSCSPLC**. The company was licensed by the Securities and Exchange Commission as an Agent for Central Depository, Clearing and Settlement of transactions in the stock market. It has an issued and fully paid capital of 5 billion Ordinary Shares of ₦1 each.



NASD PLC was incorporated in June 1998 and admitted to trade on the NASD OTC market on 04 August 2016 with security code **SDNASDPLC**. The company provides a Network that eases secondary market trading of all securities of unquoted public companies. It has an issued and fully paid capital of 444 million Ordinary Shares of ₦1 each.



CR Services (Credit Bureau) PLC was incorporated in January 2003 and admitted to trade on the NASD OTC market on 29 March 2017 with security code **SDCRSBUR**. The company is a licensed by the Central Bank of Nigeria as a credit bureau providing credit and risk management solutions. It has an issued and fully paid capital of 49.99 million Ordinary Shares of ₦1 each.

Investment Services



Golden Capital Plc was incorporated on 16 September 2008 and admitted to trade on NASD OTC market on 18 March 2014 with security code **SDGOLDEN**. The Company is licensed to carry out issuing House, Financial Consultancy and Investment Activities. It has an issued and fully paid capital of 1.2 billion Ordinary Shares of 50 kobo each.



Lighthouse Financial Services PLC was incorporated in January 1984 and admitted to trade on the NASD OTC market on 25 September 2017 with security code **SDLIGHTFSP**. The company is registered with the Securities and Exchange Commission and provides financial advisory and fund raising services to SMEs through its Group registered subsidiaries. It has an issued and fully paid capital of 2.15 billion Ordinary Shares of 50 kobo each.

Industrials

These are companies that produce goods for construction and manufacturing purposes. This sector includes companies involved with aerospace and defense, industrial machinery, tools, lumber production, construction, cement and metal fabrication

Admitted Securities under Industrials

Heavy Construction



Cappa & D'Alberto Plc was incorporated in 1932 and admitted to trade on NASD OTC market on 22 January 2015 with security code **SDCAPDBETO**. The Company engaged in engineering Procurement and Construction (EPC). It has an issued and fully paid capital of 197 million Ordinary Shares of 50 kobo each.



Costain West Africa Plc was incorporated in 1948 and admitted to trade on the NASD OTC market on 10 March 2017 with security code **SDCOSTAIN**. The Company engages in building and civil engineering projects.

It has an issued and fully paid capital of 1.08 billion Ordinary Shares of 50 kobo each.

Industrial Suppliers



GEO-Fluids Plc was incorporated in 1994 and admitted to trade on NASD OTC market on 20 August 2013 with security code **SDGFLUID**. The Company principally engaged in Drilling, Mud Engineering Services, Filtration Services and Product, Storage Capacity and Laboratory Services. It has an issued and fully paid capital of 4.3 billion Ordinary Shares of 50 kobo each.

Containers & Packaging



Riggs Ventures West Africa Plc was incorporated on the 22nd of August 1993 and admitted to trade on NASD OTC market on 9 April 2014 with security code **SDRIGGS**. The Company principally engaged in production of high quality poly-propylene sacks. It has an issued and fully paid capital of 880 million Ordinary Shares of 50 kobo each.



International Packaging Industries of Nigeria Plc was incorporated 26th September 1964 and admitted to trade on the NASD OTC market on 20 June 2016 with security code **SDIPIPLC**. The Company principally engaged in Manufacturing and sale of waxed sheets, paper bags, exercise books, toilet roll wrappers and other printing materials. It has an issued and fully paid capital of 40 million Ordinary Shares of 50 Kobo each.

Oil & Gas

A business entity that engages in the exploration, production, refinement and distribution of oil and gas in Nigeria.

Admitted Securities under Oil & Gas



Acorn Petroleum Plc was incorporated in 1981 and admitted to trade on NASD OTC market on 14 November 2014 with security code **SDACORN**. The Company principally engaged in trading and distribution of refined petroleum products. It has an issued and fully paid capital of 2 billion Ordinary Shares of 50 kobo each.



Niger Delta Exploration & Production Plc was incorporated on 25 March 1992 (as the Midas Drilling Fund) and admitted to trade on NASD OTC market on 1 August 2013 with security code **SDNDEP**. The Company principally engaged in Exploration and production of oil and natural gas. It has an issued and fully paid capital of 181 million Ordinary Shares of ₦10 each.



Air Liquide Nigeria Plc, a subsidiary of Air Liquide Group was incorporated in the Air Liquide Group as a subsidiary (the name Air Liquide Nigeria Plc was created later in 1992) and admitted to trade on NASD OTC market on 5 September 2016 with security code **SDAIRLIQ**. The Company principally engaged in the production and sales of industrial and medical gases in the country.

It has an issued and fully paid capital of 180 million Ordinary Shares of 50 kobo each.



Nipco Plc, was incorporated on 8 January 2001 and admitted to trade on NASD OTC market on 16 February 2017 with security code **SDNIPCOPLC**. The Company engages in the distribution of distribution of White Oil products, Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG).

It has an issued and fully paid capital of 187.67 million Ordinary Shares of ₦1 each.

Technology

This sector contains businesses revolving around the manufacturing of electronics, creation of software, computers or products and services relating to information technology.

Admitted Securities under Technology

Telecommunications Equipment



Resourcery Plc was incorporated in 1985 and admitted to trade on NASD OTC market on 25 November 2013 with security code **SDRSOURCE**. The Company provides Network and Infrastructure Solutions, Business Voice & Video Solutions and Data Security Solutions. It has an issued and fully paid capital of 2.6 billion Ordinary Shares of 50 kobo each.



Swap Technologies & Telecomms Plc was incorporated in June 1996 and admitted to trade on NASD OTC market on 30 September 2013 with security code **SDSWAPPLC**. The company provides Engineering & Project Services, Networking sharing & Managed Services and International Operations. It has an issued and fully paid capital of 2.7 billion Ordinary Shares of 50 kobo each.



Mass Telecom Innovation Plc was incorporated in the year 2001 and admitted to trade on NASD OTC market on 14 December 2017 with security code **SDMASSTCOM**. The company provides telecommunication products & services especially in the area of sales, installation and maintenance of telecommunication switching and transmission equipment. It has an issued and fully paid capital of 4.9 billion Ordinary Shares of 50 kobo each.

NASD Registered Participating Institutions

As at 31 December 2017

1	Adonai Stockbrokers Limited	43	FCSL Asset Management Company Limited
2	African Alliance Stockbrokers Limited	44	Fidelity Finance Company Limited
3	Afrinvest Securities Limited	45	Fidelity Securities Limited
4	Alangrange Securities Limited	46	Financial Trust Company Limited*
5	Anchoria Investment And Securities Limited	47	Finmal Finance Services Limited
6	Apel Asset Limited	48	Foresight Securities & Investment Limited*
7	APT Securities And Funds Limited	49	Forthright Securities & Investment Limited
8	ARM Securities Limited	50	Fortress Capital Limited
9	Arthur Stevens Asset Management Limited	51	FSDH Securities Limited
10	Associated Asset Managers Limited	52	Fundvine Capital & Securities Limited
11	Bestworth Assets & Trust Limited	53	Futureview Securities Limited
12	Calyx Securities Limited	54	Global Asset Management (Nigeria) Limited
13	Capital Assets Limited	55	Golden Securities Limited
14	Capital Bancorp Plc	56	Greenwich Securities Limited
15	Capital Express Securities Limited	57	GTI Securities Limited
16	Capital Trust Brokers Limited	58	Harmony Securities Limited
17	Cardinal Stone Securities Limited	59	Heritage Capital Markets Limited
18	Cashcraft Securities Limited	60	ICMG Securities Limited
19	Cashville Investments & Securities Limited	61	ICON Stockbrokers Limited
20	Chapel Hill Denham Securities Limited	62	Imperial Asset Managers Limited
21	Chartwell Securities Limited	63	Integrated Trust & Investment Limited
22	City-Code Trust & Investment Company Limited	64	Interstate Securities Limited
23	Compass Investments & Securities Limited	65	Investment One Stockbrokers Int'l Limited
24	Cordros Capital Limited	66	Kapital Care Trust & Securities Limited*
25	Core Trust And Investment Limited	67	Kedari Securities Limited
26	Coronation Securities Limited	68	Kinley Securities Limited
27	Covenant Securities & Asset Management Limited	69	Lambeth Trust & Investment Company Limited
28	Cowry Securities Limited	70	Lead Securities & Investment Limited
29	CSL Stockbrokers Limited	71	Lighthouse Asset Management Limited
30	Diamond Securities Limited*	72	Magnartis Finance & Investment Limited
31	Dominion Trust Limited	73	Mayfield Investments Limited
32	DSU Brokerage Services Limited	74	MBC Securities Limited
33	Dunbell Securities Limited	75	Mega Equities Limited
34	Dunn Loren Merrifield Securities Limited	76	Meristem Securities Limited
35	Dynamic Portfolio Limited	77	Milestone Capital Management Limited
36	EDC Securities Limited	78	Morgan Capital Securities Limited
37	Edgefield Capital Management Limited*	79	Mutual Alliance Investment & Securities Limited
38	EFCP Limited		
39	Elixir Securities Limited	80	Network Capital Limited
40	Equity Capital Solutions Limited	81	Newdevco Investments And Securities Company Limited
41	Eurocomm Securities Limited		
42	FBN Securities Limited	82	Nigerian International Securities Limited

NASD Registered Participating Institutions Contd .

83	Nigerian Stockbrokers Limited	106	Sigma Securities Limited
84	PAC Securities Limited	107	Signet Investments & Securities Limited
85	Perfecta Investments Trust Limited	108	Skyview Capital Limited
86	Phronesis Securities Limited	109	Smadac Securities Limited
87	Pilot Securities Limited	110	Solid Rock Securities & Investment Plc*
88	PIPC Securities Limited	111	Springboard Trust And Investment Limited
89	Pivot Capital Limited	112	Stanbic IBTC Stockbrokers Limited
90	Planet Capital Limited	113	TFS Securities & Investment Co. Limited
91	Portfolio Advisers Limited*	114	The Bridge Securities Limited*
92	Primera Africa Securities Limited	115	Tiddo Securities Limited
93	Prominent Securities Limited	116	Tradelink Securities Limited
94	Pyramid Securities Limited	117	Traders Trust And Investment Company Limited
95	Qualinvest Capital Limited	118	Trusthouse Investments Limited
96	Quantum Securities Limited	119	TRW Stockbrokers Limited
97	Readings Investments Limited	120	Tyndale Securities Limited
98	Regency Assets Management Limited	121	United Capital Securities Limited
99	Rencap Securities (Nigeria) Limited	122	Valmon Securities Limited
100	Resort Securities And Trust Limited	123	Valueline Securities & Investments Limited
101	Reward Investments & Services Limited	124	Vetiva Securities Limited
102	Rostrum Investment & Securities Limited	125	Woodland Capital Markets Plc
103	Santrust Securities Limited	126	WSTC Financial Services Limited
104	Securities Africa Financial Limited		
105	SFC Securities Limited		

***Participating Institutions registered in 2017**

Our Partners

Settlement Banks



Trading Platforms



Proxy Form



NASD PLC

I

Being a member of NASD PLC hereby

RESOLUTIONS		FOR	AGAINST
1	To re-elect Mr. Olutola Mobolurin as a director		
2	To re-elect Mr. Oladipo Aina as a director		
3	To re-elect Mr. Ariyo Olushekun as a director		
4	To re-elect Mr. Abubakar Lawal as a director		
5	To appoint Messrs. Deloitte & Touche as Independent Auditors of the Company in place of Messrs.PricewaterhouseCoopers.		
6	To authorise the Directors to fix the remuneration of the Independent Auditors		
7	To elect/re-elect Shareholders' Representatives in the Statutory Audit Committee		

I desire this proxy to be used in favour of/or against the resolution as indicated alongside

Please indicate X in the appropriate box to indicate how you wish your votes to be cast on the above resolutions. Unless otherwise instructed the proxy will vote or abstain from voting at his/her direction.

appoint..... or failing him..... or failing him
 as my proxy to act and vote for me and on my behalf at the Annual General Meeting of the Company to be held on July 11, 2018 and at any adjournment thereof.

As witness my hand this..... day of.....2018

Signed.....

Notes:

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his or her stead. All the documents appointing a proxy should be deposited at the registered office of the Company, 9th Floor, UBA House, 57, Marina, Lagos or the office of the Registrar, United Securities Limited, Plot 009, Amodu Ojikutu Street, Off Saka Tinubu, Victoria Island, Lagos, not less than 48 hours before the time for holding the Annual General Meeting. A proxy need not be a member of the Company.

It is required by the law under the Stamp Duties Act, Cap. S8 Laws of the Federation of Nigeria 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal.

Before posting the above slip, tear off this part and retain it.
ADMISSION SLIP
NASD PLC
5TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS/HER DULY APPOINTED PROXY TO THE 5TH ANNUAL GENERAL MEETING THAT WILL BE HELD ON JULY 11, 2018 AT MEETING ROOM 1, WESTWOOD HOTEL, 22, AWOLOWO ROAD, IKOYI, LAGOS AT 11 A.M

NAME OF SHAREHOLDER

SIGNATURE.....

ADDRESS.....

CONTACT US



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