

# UNLOCKING VALUE



2014  
ANNUAL REPORT  
AND ACCOUNTS

## ABOUT NASD

NASD Plc is an OTC exchange registered by the Securities and Exchange Commission to organise and manage Over-The-Counter ["OTC"] trading platform for unlisted public securities.

## 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 Market currently enables trade through two platforms: a platform built by NASDAQ OMS shared with NSE and a proprietary web-base Bilateral Inter-dealer Trading System.

On the NASD platform, all unlisted publicly held securities registered with the Securities and Exchange Commission are eligible to trade.

## 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

We will provide information that is relevant, necessary and timely.

### Performance

We will ensure that all requirements are met to our stakeholders satisfaction

## NASD'S VALUE PROPOSITION

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



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## CORPORATE INFORMATION

### **Board of Directors**

Mr. Olutola Mobolurin (*Chairman*)

Mr. Bola Ajomale (*MD/CEO*)

Mr. Chike Nwanze

Mr. Oladipo Aina

Mr. Victor Ogiemwonyi

Mr. Bolaji Balogun

Mr. Albert Okumagba

Mr. Kayode Falowo

Mr. Ariyo Olushekun

Mr. Abubakar Lawal

Mr. Jibola Odedina

Mr. Ade Bajomo

Mr. Samuel Nwanze

### **Registered Office**

9th Floor, UBA House  
57, Marina, Lagos, Nigeria

**Email:** [info@nasdng.com](mailto:info@nasdng.com)

### **Independent Auditor**

PricewaterhouseCoopers  
252E, Muri Okunola Street  
Victoria Island  
Lagos, Nigeria.

### **Bankers**

United Bank for Africa Plc.  
First Bank of Nigeria Plc.

**Website:** [www.nasdng.com](http://www.nasdng.com)

### **Company Secretary**

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

## NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the 2<sup>ND</sup> ANNUAL GENERAL MEETING OF NASD PLC will hold at the Amphitheatre, 15th Floor, UBA House, 57, Marina, Lagos on Thursday, 2nd day of July, 2015 at 11 a.m. for the transaction of the following business:

1. To lay before the members the Audited Financial Statements for the year ended 31st December, 2014 together with the reports of Directors, Independent Auditors and Audit Committee thereon.
2. To re-elect Directors.
3. To authorise the Directors to fix the remuneration of the Independent Auditors.
4. To elect members of the Audit Committee.

### Notes

#### (a) 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 stead. A proxy need not be a member. A form of proxy is enclosed in the Annual Report. All instruments of proxy should be stamped and deposited at the registered office of the Company;

9th Floor, UBA House, 57, Marina, Lagos or office of the Company Secretary, GIO Nominees Limited, 864B, Bishop Aboyade Cole Street, Victoria Island, Lagos not later than 48 hours before the time for holding the meeting.

#### (b) 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.

#### (c) Closure of Register of Members

The Register of Members will be closed from the 8th day of June, 2015 to the 12th day of June, 2015, (both dates inclusive) for the purpose of preparing an up-to-date Register of Members.

DATED THIS 25TH DAY OF MAY, 2015

BY ORDER OF THE BOARD

L. Omolola Ikwuagwu (Mrs.)

FRC/2015/NBA/00000007013

GIO NOMINEES LIMITED



# OLUTOLA MOBOLURIN

CHAIRMAN

## STATEMENT FROM THE CHAIRMAN

*Distinguished shareholders, ladies and gentlemen, on behalf of the board of NASD PLC, I am pleased to welcome you to our 2nd Annual General Meeting and to present to you the Annual Report and Financial Statements for the year ended 31st December 2014. I believe it is right to place our business environment and corporate performance within the global and national economic contexts in which we operated over the period of this report.*

### THE GLOBAL ECONOMY

On a global scale, 2014 was a harsh year of political downturns with renewed unrest in the Middle East, sharp dips in the emerging market currencies, the beginning of the wind-down of the Quantitative Easing (QE) programme in the United States by the US Federal Reserve Bank as well as a sharp drop in oil prices in the later stages of the year.

The large outbreak of Ebola Virus Disease (EVD) in Guinea, Liberia and Sierra Leone West Africa with a few but isolated cases in Nigeria, Europe and the United States threatened to spiral out of control. For the three countries majorly affected by the outbreak, both social and economic activities were disrupted resulting in a downturn in standards of living for individuals and businesses experiencing significant disruptions in their operations and overall decline in economic activity. In West Africa, the GDP loss due to this outbreak is estimated to possibly exceed US\$5 billion. These occurrences in addition to high debt ratios and the persistent high rate of unemployment in some countries in Europe and increasing rate in many developing countries hindered global growth.

### THE NIGERIAN ECONOMY

On a domestic front, the Nigerian economy experienced abrupt changes in 2014. The 58% fall in oil price to under US\$50 per barrel and reduction in the nation's external reserves placed the currency under severe pressure. In the fourth quarter the Central Bank of Nigeria (CBN) eventually allowed an eight percent devaluation of the foreign exchange rates. The increased activities of Boko Haram Group in the North-eastern region of the country continued to deter both economic activities and investment inflows into the area and the country as a whole.

The Nigerian Stock Exchange's (NSE) All Share Index closed the year 16.14% below its opening in January 2014. The sharpest decline occurred in the 2nd half of the year, escalated by the collapse of oil prices and the exit of many foreign portfolio investors.

### THE NASD OTC: BUSINESS ENVIRONMENT

The company in the year under review had meaningful engagement with the Board of the Nigerian Securities and Exchange Commission (SEC) in respect of the draft rules on unlisted securities. Modest growth was recorded in the number and value of trades in the year even without the necessary rules regime to place the market on a properly regulated pedestal.

### TRADE ACTIVITY

The trades recorded in the first half of the year amounted to about ₦447 million.

In September 2014, the cumulative value of transactions on NASD exceeded ₦1 billion with an increase in the number of Participating Institutions and Authorized traders to 86 and 140 respectively. Merely three months later, the fourth quarter recorded over ₦2 billion in trade value which is a clear result of increased participation in the OTC Market and the growing awareness of Nigerians of the transparency and increased liquidity that the



market offers the investing public.

NASD not only looks forward to even greater participation by Nigerians in the near future but also by foreigners. Initial efforts to bring in the Nigerian pension community are also underway.

### FINANCIAL PERFORMANCE

Distinguished shareholders, your company earned ₦11.6 million as trading commission in the year under review in comparison with the sum of ₦0.4 million achieved in the preceding year. I would like to quickly point out that even though the trading commission is a significant improvement on previous year's performance, it was much below our expectations. From membership fees, the company earned ₦12.4 million and ₦47.4 million from interest on bank placements representing 57% and 19% drops respectively from the previous year's revenue of ₦29 million and ₦58.7 million. The reduction in membership fees for 2014 was due to the fact that mainly renewal fees were paid while the 2013 figures were swelled by the much higher application and annual fees charged in the first year of membership. While the list of participating institutions (members) continue to grow, most of our members (84%) joined in 2013. As the market grows, more and more market operators are signing up and we expect any operator of any repute to be signed up before the end of this year. Income from interest declined by 19% from ₦58.7 million to ₦47.4 million by the twin decline of our interest yield on deposits and our cash holdings. I am glad to inform you that with the approval of the new rules on unlisted securities in April 2015, the outlook for 2015 is much brighter and the performance to-date reflects this upbeat mood hope.

Our direct trading expenses in the year under review was ₦35.2 million in comparison with ₦6.4 million in the preceding year representing an increase of 451%. This is as a result of the first year lease payment to Nigerian Stock Exchange for the use of its trading platform. It is evident that with the disappointingly slower than expected pace of the take-off of the market, this cost needs to be better managed. A three-prong strategy is currently being evaluated by the company, one of which includes a possible cost-recovery charge on the users of the platform, without making the platform un-competitive.

Other costs during the review period (marketing, payroll and general administration costs) stood at ₦113 million as against ₦118 million in the preceding year, representing a reduction of 5%. The company will contain running costs while not compromising performance and efficiency.

### FUTURE OUTLOOK

The OTC Market has made substantial progress and is gradually becoming a market of choice as it gains popularity in Nigeria. With the release of new rules on unlisted securities by SEC, we are confident that NASD will achieve its strategic goals. We continue our relentless pursuit of becoming a globally renowned OTC Market that delivers value to all its stakeholders. We are confident positive that 2015 will be a much more satisfying year.

We look forward to the return of IPOs of unlisted securities in the wake of the liquidity afforded by NASD for such securities.

### APPRECIATION

On behalf of the Board of Directors, I offer my sincere gratitude to all members of staff and management who have remained dedicated and committed to the company's strategic goals, in spite of the challenges of nurturing a pioneering effort in a relatively uncharted territory.

Our appreciation further goes to SEC for their cooperation and encouragement and to our shareholders for making our financial sacrifice and commitment to see this company a possibility. I also thank all our Participating Institutions for being a part of the success so far, I have no doubt that for all these stakeholders, the future portends substantial rewards for their efforts.

Finally, let me acknowledge the tremendous sacrifice of my colleagues on the Board, who spent and continue to spend unbelievably considerable time attending to the issues relating to the licensing and survival of NASD from its early days till now. I cannot thank them enough for their sacrifice and dedication to NASD especially as they have to-date undertaken these for no remuneration: no seating allowance nor fees. We are of course eternally grateful to those founding shareholders held on to the vision and all those who shared the vision with them to see NASD come to this stage.

Let me assure you all that 2015 already looks like a year in which the company is set to take a new and exciting turn. We therefore commend you to continue to support the company.

Thank you for your attention.

**Olutola Mobolurin**  
Chairman, Board of Directors  
NASD Plc  
July 2015



**BOLA  
AJOMALE**  
MANAGING DIRECTOR

## STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

*Dear shareholders,*

*At the end of the 2014 financial year (FY14) we had completed the first 18 months of operation as a licensed Self Regulatory Organisation ["SRO"]. Our objectives at the start of this period were broadly to:*

- 1. Build a self-sustaining orderly Over the Counter ["OTC"] market for non-listed investment products*
- 2. Bring transparency to an opaque secondary market*
- 3. Restrict trading of unlisted public securities to licensed operators*
- 4. Make it easier for issuers to attract potential new investors*
- 5. Build an institution that provides above average returns on investment for shareholders*

*We have made encouraging progress on each of these objectives.*

### PROGRESS OF THE MARKET

Through FY14 we continued to fine tune and expand on market rules and practice guidelines to create more order in the system.

As more operators became familiar with the trading system we felt it was appropriate to allow the market operate within price bands. We therefore introduced a 15% price band which has been well received and has given asset managers more confidence of price stability.

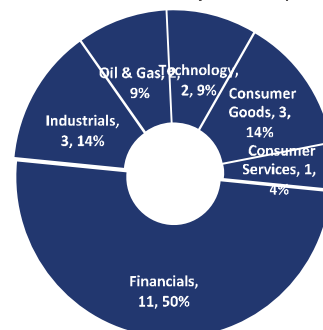
To build capacity among professional who will operate on the market, we introduced a series of training courses for would be operators to the market. As at December 2014, we had conducted training courses for over 300 market operators. Beneficiaries of these courses were stockbrokers, operations support staff and compliance officers.

We are currently exploring institutionalising the training needs of operators in this unique industry in order to significantly improve capacity and professionalism. This developmental effort was initially fully sponsored by your company but we believe that as we have demonstrated considerable value to the beneficiaries, operators will support future trainings with a token fee.

In March 2014, we successfully migrated from our pioneer proprietary Bilateral Inter-dealer Trading System (BITS™) which served the market for the first 8 months of operation to a platform built by NASDAQ OMX and shared with the Nigerian Stock Exchange. This move brought a familiar trading environment to our Participating Institutions and eased their entry onto the market. As the platform is tight coupled to the Central Securities Clearing System, the additional integrity of the system and its robustness has encouraged the interest of foreign investors who commenced trading through their asset custodians in Nigeria.

In April 2014, we organised the market by Industry segments. We now have 11 segments which cover every aspect of economic activity in Nigeria. As we increase the number of securities trading on the OTC market, we anticipate the creation of Industry indices, better data and ultimately Exchange traded funds (by industry segment).

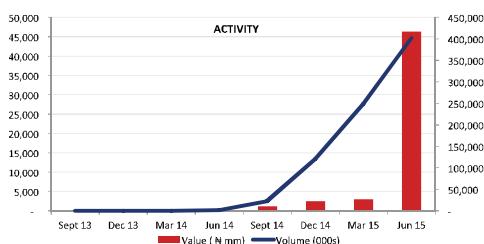
distribution by industry





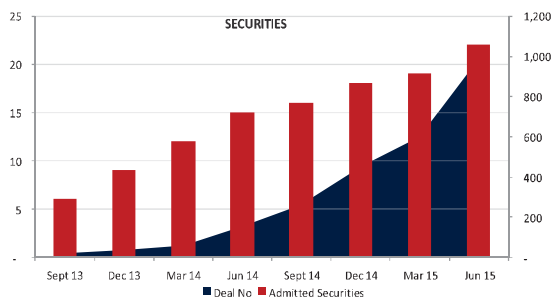


In June 2014 we launched a weekly newsletter that captured OTC market events that occurred in any one week. This added an unprecedented layer of transparency to a hitherto hidden market, it also became our main means of informing investors in unlisted securities of market events. The Newsletter and market reports are filed regularly with the Securities and Exchange Commission [“SEC”] and directly distributed to the investing community electronically on a weekly basis. We believe that as the market matures and deal numbers increase, we shall increase the frequency of reporting. To improve liquidity for investors we commenced reporting and publicising unmatched deals. Prices slowly started to adjust to find equilibrium between supply and demand for securities. We expect that this trend will continue towards absolute liquidity on the platform. The gradual growth in the depth and coverage of the NASD OTC market can best be captured in the graphs below.



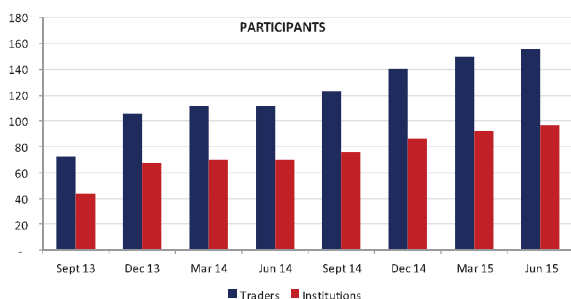
### Activity Levels

Activity on the market increased from average trade volumes of 185,000 units per quarter in March 2014 to 98 million units as at December 2014. Traded values increased from ₦31 million in March 2014 to a quarterly value of ₦1.3 billion by December 2014.



### Securities traded

The OTC market opened the year 2014 with 9 tradable securities. As at December 2014, 9 more securities had been added to the OTC market.



### Participants

As at January 2014 we provided access to 70 operators to trade on the OTC market. By December 2014 this had increased to 86 participating Institutions. Correspondingly, individual traders increased from 106 brokers to 140

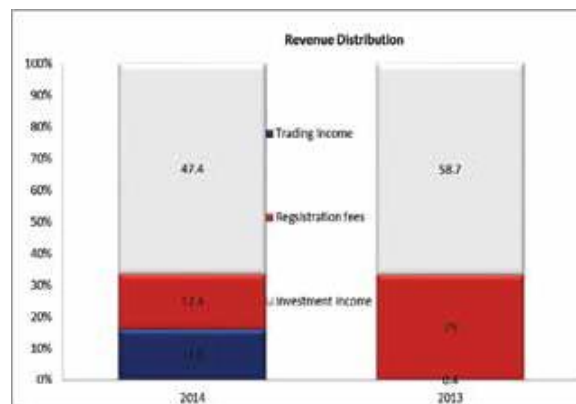
As indicated in the graphs, the performance indicators for the half year to June 2015 indicates a very steep growth trajectory and much stronger market performance in 2015.

### TRADED VOLUMES AND VALUES:

Your company saw a steep increase in traded volumes in 2014. By December 2014, NASD OTC had facilitated trades worth ₦2 billion. The achievement of this number becomes clear when compared to a trade value level of ₦1 billion as at September 2014 (15 months after the market opened). This steep trajectory became even steeper post 2014 and I am pleased to inform you that as at half year 2015, NASD had hit a value traded number in excess of ₦40 billion! Management is convinced that this number is still not fully representative of the potential of the OTC market in Nigeria and we aim to close the year with a more representative number.

### REVIEW OF FINANCIAL PERFORMANCE IN 2014

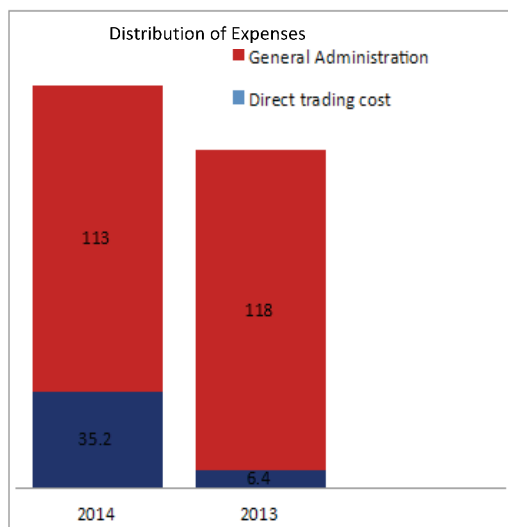
In 2014, your company earned ₦11.6 million as trading commission as against ₦0.4 million earned in the preceding year. Registration fees of ₦12.4 million were earned compared to ₦29 million earned in the preceding period representing a reduction of 133%. This reduction is expected as the number of Participating Institutions who have not yet joined the market diminishes.



Income earned from money market instruments amounted to ₦47.4 million as against ₦58.7 million earned in the preceding period representing a decrease of 29% which is due to a reduction in money market rate (average of 12% in 2014) in comparison with 14% average in 2013. In addition, average funds under management reduced year on year as we continue to apply available funds to developing the OTC market.



In contrast, the general administration costs remained stable at ₦113 million in the review period in comparison with ₦118 million in the preceding period. This represents a reduction of 5%.



#### POST 2014

Post FY14 we have realised a pivotal change to the OTC market terrain and potential for significant market expansion.

The SEC on April 2 2015 published a Rule on Trading in Unlisted Securities. By this rule, all public securities are bound to be traded on a SEC recognised platform. The rule effectively shuts down all non-regulated trade points and restricts transfer of unlisted securities to authorised Participating Institutions. Our universe of tradable securities has now expanded to more than 300 securities and more market operators (brokers, custodians, settlement banks and issuing houses) have been encouraged to seek participation in the OTC market. Between April and June 2015, twelve Participating Institutions and four securities have been added to the market and transaction related earnings have exceeded ₦205 million. We believe that the increased level of activities on the market will be sustained for the rest of year 2015.

NASD continues to explore and develop opportunities to widen the reach and depth of the OTC market in Nigeria. Some opportunities that we are developing are below:

- 1) NASD has engaged the Private Equity industry with a view to creating a secondary market for Limited Partners and sell downs.
- 2) The new Pension Reform Act has been

expanded to make securities on any recognised platform eligible for Pension Fund Administrator investment Pension industry. This potentially expands the buy side of the OTC market.

3) We have made the market available to the power sector as a possible secondary market for existing investors and as a means of liquidity for future investors.

4) To support the development of the market, new rules have been exposed to operators to allow for:

- Linked note products which broadens the range of tradable asset class
- Market Making which will boost liquidity in the market
- Upstream expansion into Crowdfunding and SME support.

We anticipate that the NASD OTC market will continue to expand in depth and width.

#### APPRECIATION

In closing, our gratitude goes to many but we must recognise the contribution of :

- Our regulator, the Securities and Exchange Commission which has delivered a sustainable and increasingly disciplined environment on which the OTC market will grow.
- Our Board who have selflessly and steadfastly guided the strategy and direction of the company.
- Our platform partners - the Central Securities Clearing System and the Nigerian Stock Exchange whose platforms have allowed us deliver premium level trading services for unlisted securities in Nigeria.
- Our staff, who though few, have expressed uncommon imagination and genuine dedication to the development of this market.

Most importantly to you, our shareholders for your support in creating a truly transparent and orderly trading platform for unlisted securities.

Thank you all.

**Bola Ajomale**  
(Managing Director/CEO)  
July 2015



# BOARD OF DIRECTORS



1. OLUTOLA MOBOLURIN *Chairman*
2. CHIKE NWANZE *Vice Chairman*
3. OLADIPO AINA *Director*
4. VICTOR OGIEMWONYI *Director*
5. MOBOLAJI BALOGUN *Director*
6. ALBERT E. OKUMAGBA *Director*
7. KAYODE FALOWO *Director*
8. ARIYO OLUSHEKUN *Director*
9. ABUBAKAR LAWAL *Director*
10. JIBOLA ODEDINA *Director*
11. ADEOLU BAJOMO *Director*
12. SAMUEL NWANZE *Director*
13. BOLA AJOMALE *M. D./CEO.*



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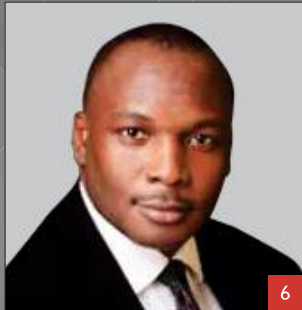
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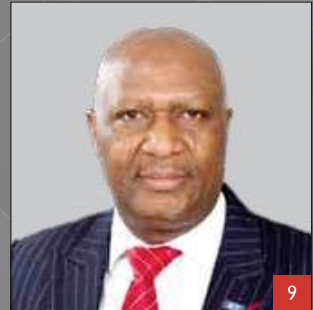
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# CORPORATE GOVERNANCE REPORT

## 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 requirement, 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 controls 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.

## BOARD OF DIRECTORS

The responsibility of good corporate governance is placed on the Board of Directors and the Management Team. The Board of Directors is highly qualified and experienced in their professional areas of expertise. As at December 31, 2014, the Board had one full time Executive Director- the Managing Director of the Company. The Board also

has eleven 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

## Board Meetings

The Board meets 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	18-3-2014	21-5-2014	16-7-2014	17-10-2014	12-12-2014	Total
Mr. Olutola Mobolurin	Capital Bancorp Plc	✓	✓	✓	✓	✓	5
Mr. Chike Nwanze	Icon Stockbrokers Limited	✓	✓	✓	✗	✓	4
Mr. Oladipo Aina	Signet Investments & Securities Limited	✓	✓	✗	✓	✓	4
Mr. Ariyo Olushekun	Capital Assets Limited	✗	✓	✗	✓	✓	3
Mr. Victor Ogiemwonyi	Partnership Investment Company Plc	✗	✓	✓	✗	✓	3
Mr. Albert Okumagba	BGL Plc	✓	✓	✓	✓	✓	5
Mr. Abubakar Lawal	GTI Capital Limited	✓	✓	✓	✓	✓	5
Mr. Kayode Falowo	Greenwich Securities Limited	✗	✗	✗	✗	✗	-
Mr. Bolaji Balogun	Chapel Hill Denham Group	✗	✗	✓	✗	✗	2
Mr. Jibola Odedina	Marina Securities Limited	✓	✓	✓	✓	✓	5
Mr. Ade Bajomo	NSE Consult Limited	✓	✗	✓	✓	✓	4
Mr. Samuel Nwanze	Heirs Holdings Group	✓	✗	✗	✗	✗	1
Mr. Bola Ajomale	NASD Plc	✓	✓	✓	✓	✓	5

\*Includes attendance by approved Alternate Directors representing the organisations



## **I 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:

### **i. 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 B.S. 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 until he left in September 1988.

Mr. Mobolurin was the Vice-Chairman and Group Chief Executive of Crusader Nigeria Plc till October 2012. He was pivotal to the establishment of CrusaderSterling Pensions Limited and was its Chairman. He is currently a Non-Executive Director of the FCMB Group Plc and First City Monument Bank Limited, Literamed Publications Limited and a few others.

He has in the past served as the Chairman, Bonds Sub-Committee of the Securities and Exchange Commission's Capital Markets Committee 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 30 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, including the first floating rate Capital Market issue of Preference Shares and bonds as well as the first syndicated Equipment Lease Transaction.

### **ii. 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 a 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 Cusau, Zamfara state. He is a National council member of the Nigerian Stock Exchange.

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. He is the Chairman of the NASD Market Development committee.

### **iii. Victor Ogiemwonyi**

Mr. Victor Ogiemwonyi is the Chief Executive Officer of Partnership Investment Company Plc. He was until 1991 with former NAL Merchant Bank Plc where he received his Investment Banking training. He also worked as the pioneer Chief Executive Officer for Financial Derivatives Company Limited.

He earned a BBA in Accounting and an MBA in 1981 from Texas Southern University. An alumnus of Lagos Business School (LBS) Chief Executive program (CEP15), he has also received further Executive Education at INSEAD, The New York Institute of Finance and The Harvard Business School (OPM 47).

Mr. Ogiemwonyi is a chartered stock broker and a member of several professional bodies. He is the chairman of the Association of Issuing Houses of Nigeria and member, Nigerian Institute of Management (NIM). He is also a member of the Institute of Directors

He is a Fellow of the Chartered Institute of Stockbrokers (CIS) and a onetime Governing Council member of the Institute. He is also a member of the Capital Market Committee and serves on the Administrative Proceedings Committee (APC) of the Securities and Exchange Commission. He is an Ex-Governing member of the National Council of the Nigerian Stock Exchange. Mr. Ogiemwonyi is a widely read columnist.

He is the Chairman of the NASD Technical committee.



#### iv. Mobolaji Balogun

Mr. Mobolaji Balogun is CEO of the Chapel Hill Denham.

Bolaji spent 10 years in investment banking within the FCMB Group. From April 1993 to January 2001, he served as Executive Director and Chief Operating Officer at CSL Stockbrokers (part of First City Group).

He was also Executive Director at FCMB Capital Markets, where he led advisory teams in major corporate and complex transactions. In January 2001, Bolaji left FCMB Capital Markets to become a co-founder and director of Econet Wireless Nigeria (now Airtel Nigeria). He was the pioneer

Chief Business Development and Strategy Officer of the company and in October 2001, was appointed Chief Marketing Officer.

Bolaji is the Chairman of the Board of Lafarge Cement WAPCO Plc and a non- Executive Director of NAHCO Aviance Plc, both listed on The Nigerian Stock Exchange. He is also a Director of Trustbond Pensions Plc, and was appointed to the Johannesburg Stock Exchange, Africa Advisory Committee in September 2009. He became Chairman of the investment banking trade group, the Association of Issuing Houses of Nigeria in 2010. He is an Economics graduate of the London School of Economics.

## BOARD COMMITTEES

In conformity with the Code of Best Practices in Corporate Governance, the Board of Directors worked through 5 (five) 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 Dealers 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 regulation that may impact the Company and make recommendations to the Board of Directors on identified gap.

The Committee meets every quarter or on an adhoc basis whenever firms seeking registration with NASD have fulfilled all the necessary requirements. The Rules & Membership committee met 5 (five) times in 2014.

### Finance & General Purpose Committee

The Finance & General Purpose 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 & General Purpose 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
- To be responsible to the Board for the development of recruitment policies, training and development, promotion and all other Human Capital Management issues and to ensure that such policies are in compliance with the company's strategic focus

The Finance & General Purposes committee met 5 (five) times in 2014.



### 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 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 adhoc basis as the need arises. The Market Development committee met 3 (three) times in 2014.

### Technical Committee

The Technical committee chaired by Mr. Victor Ogiewwonyi 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.

- To form 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 met 2 (two) times in 2014.

### Disciplinary Committee

The Disciplinary Committee 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 did not have cause to sit in 2014.

## STATUTORY AUDIT COMMITTEE

As at 31 December 2014, 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 internal and external audit plan, to receive and deliberate on the report of the external auditors, to review progress on

recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework.

The Audit Committee met once during the 2014 financial year and the following members served on the Committee during this period:

Institution	Represented by	Status	Designation	Attendance
APT Securities and Funds Limited	Mr. Kashimu Garba Kurfi	Shareholders' Representative	Chairman	1
GTI Securities Limited	Mr. Abubakar Lawal	Non-Executive Director	Member	1
Chapel Hill Denham Securities Limited	Ms. Oby Ugboma*	Non-Executive Director	Member	1
Marina Securities Limited	Mr. Jibola Odedina	Non-Executive Director	Member	1
WSTC Financial Services Limited	Mrs. Ayodeji Oloye	Shareholders' Representative	Member	1
FBN Securities Limited	Ms. Abiola Adekoya	Shareholders' Representative	Member	1

\*Alternate to Mr. Bolaji Balogun





## 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, 2014 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 response thereon.

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

**Mr. Kashimu Garba Kurfi**  
(Chairman)

## THE MANAGEMENT TEAM

The Management Team consisting of the Managing Director and heads of various functions meet 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.

## 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, 2014 that:

- 1) We have reviewed the report;
- 2) To the best of our knowledge, the report does not:
  - a) Contain 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 statement was 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.

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

**MANAGING DIRECTOR/  
CEO**

**CHIEF FINANCIAL  
OFFICER**



The directors submit their report together with the audited financial statements for the year ended 31 December 2014.

## 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.

## Operating Results

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

	2014	2013
	N'000	N'000
Loss Before Tax	(76,641)	(36,296)
Tax	33,095	2,502
<b>Loss After Tax</b>	<b>(43,546)</b>	<b>(33,794)</b>
Loss per share (Kobo)	(13.07)	(10.14)

The directors do not recommend the payment of a dividend.

## Directors And Their Interests

None of the directors were appointed or resigned during the year and to the date of this report. The directors who served during the year were as follows:

Name	Designation	Interest	
		Direct	Indirect
Mr. Olutola Mobolurin	Chairman	-	15,249,994
Mr. Bola Ajomale	Managing Director	-	-
Mr. Abubakar Lawal	Non- Executive	-	22,857,143
Mr. Ade Bajomo	Non- Executive	-	22,857,143
Mr. Albert Okumagba	Non- Executive	-	29,047,619
Mr. Ariyo Olushekun	Non- Executive	-	16,500,000
Mr. Bolaji Balogun	Non- Executive	-	17,250,004
Mr. Chike Nwanze	Non- Executive	-	2,083,330
Mr. Jibola Odedina	Non- Executive	-	16,500,000
Mr. Kayode Falowo	Non- Executive	-	17,083,330
Mr. Oladipo Aina	Non- Executive	-	4,083,330
Mr. Samuel Nwanze	Non- Executive	-	28,570,000
Mr. Victor Ogiemwonyi	Non- Executive	-	17,178,566

Mr. Olutola Mobolurin, Mr. Oladipo Aina, Mr. Victor Ogiemwonyi and Mr Bolaji Balogun retiring by rotation in accordance with the provisions of S.259 of CAMA and all being eligible, offer themselves for re-election.



**Shareholding**

According to the register of members at 31 December 2014, 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	12	4,999,992	2%
1,000,000 - 10,000,00	35	103,726,158	31%
Over 10,000,001	12	224,427,144	67%
	59	333,153,294	100%

Shareholders with 5% and above are listed below:

	Percentage	Board Representation
Greenwich Trust Limited	5.13%	Yes
Partnership Investment Company Plc	5.16%	Yes
Chapel Hill Advisory Partners Limited	5.18%	Yes
CTI Capital Limited	6.87%	Yes
NSE Consult Limited	6.87%	Yes
Heirs Holdings Plc	8.59%	Yes
BCL Securities Limited	8.73%	Yes
Falcon Securities Limited	9.02%	No

**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.

**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.

**Donations and gifts**

The Company did not make any donation during the year (2013: Nil)

**Auditors**

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act.

**Company Secretary**

The Board appointed George Ikoli & Okagbue as Company Secretary with effect from February 2015.

By order of the Board

**SECRETARY**

*Handwritten signature of L. Omelata Okagbue (Mrs)*  
 2015  
 L. Omelata Okagbue (Mrs)  
 FRCS/2014/23A/1000000713

**GIO NOMINEES LIMITED**  
 864B, Bishop Abeyade Cole Str,  
 Victoria Island, Lagos



**For the year ended 31 December 2014**

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.

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 in the year ahead.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

06 May, 2015



## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF NASD PLC**

### **Report on the financial statements**

We have audited the accompanying financial statements of NASD Plc ("the company"). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters 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.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.



### Report on other legal 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 and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

A handwritten signature in black ink, appearing to read 'Daniel Asapokhai'.

For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Daniel Asapokhai  
FRC/2013/ICAN/00000000946



8 June 2015



# STATEMENT OF COMPREHENSIVE INCOME



For the year ended 31 December 2014

	Notes	31 December 2014 N'000	31 December 2013 N'000
Fees and commission income	5	24,056	29,356
Employee benefits and compensation costs	6	(67,059)	(67,071)
Other operating expenses	7	(81,021)	(57,278)
Operating loss		(124,024)	(94,993)
Investment income	8	47,383	58,697
Loss before tax		(76,641)	(36,296)
Tax	9	33,095	2,502
<b>Loss for the year</b>		<b>(43,546)</b>	<b>(33,794)</b>
<b>Other comprehensive income:</b>			
<hr/>			
<b>Total comprehensive loss for the year</b>		<b>(43,546)</b>	<b>(33,794)</b>
<hr/>			
Loss per share (kobo) - basic	10	(13.07)	(10.14)



	Notes	31 December 2014 N'000	31 December 2013 N'000
<b>Assets:</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	147,681	458,655
Investment securities	12	228,569	38
Prepayments and receivables	13	15,251	8,967
<b>Non current assets</b>			
Intangible assets	14	805	588
Property and equipment	15	12,092	17,596
Deferred tax asset	16	35,597	2,502
<b>Total assets</b>		<b>439,995</b>	<b>488,346</b>
<b>Liabilities:</b>			
Accounts payable	17	5,557	10,362
		<b>5,557</b>	<b>10,362</b>
<b>Equity:</b>			
Share capital	18	333,153	333,153
Share premium			
Accumulated losses		(134,975)	(91,429)
		<b>434,438</b>	<b>477,984</b>
<b>Total liabilities and equity</b>		<b>439,995</b>	<b>488,346</b>

The financial statements were authorised for issue by the Board of Directors on 6 May 2015 and signed on its behalf by:

Bola Ajomale  
MD/CEO  
FRC/2014/CISN/00000005778

Titus Oladunni  
Chief Financial Officer  
FRC/2013/CAN/00000005552

Olutola Mobolurin  
Chairman  
FRC/2014/CISN/00000003804



## STATEMENT OF CHANGE IN EQUITY



For the year ended 31 December 2014

	Share capital N' 000	Share premium N' 000	Accumulated losses N' 000	Total N' 000
As at 1 January 2013	333,153	236,260	(57,635)	511,778
Loss for the year	-	-	(33,794)	(33,794)
<b>As at 31 December 2013</b>	<b>333,153</b>	<b>236,260</b>	<b>(91,429)</b>	<b>477,984</b>
As at 1 January 2014	333,153	236,260	(91,429)	477,984
Loss for the year	-	-	(43,546)	(43,546)
<b>As at 31 December 2014</b>	<b>333,153</b>	<b>236,260</b>	<b>(134,975)</b>	<b>434,438</b>

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	31 December 2014 N'000	31 December 2013 N'000
<b>Operating activities</b>			
Cash used in operations	21	(128,430)	(87,769)
Tax paid			
<b>Net cash used in operating activities</b>		<b>(128,430)</b>	<b>(87,769)</b>
<b>Investing activities</b>			
Purchase of property and equipment	15	(776)	(6,967)
Purchase of intangible assets	14	(620)	(629)
Interest received	8	47,383	58,697
<b>Net cash generated from investing activities</b>		<b>45,987</b>	<b>51,101</b>
<b>Decrease in cash and cash equivalents</b>		<b>(82,443)</b>	<b>(36,668)</b>
Cash and cash equivalent at start of year		458,693	495,461
Cash and cash equivalents at end of year		376,250	458,693
<b>Decrease in cash and cash equivalent</b>		<b>(82,443)</b>	<b>(36,668)</b>



## 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 public 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

### i. 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 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 6th May 2015

The financial statements are presented in Nigerian Naira (N), which is the Company’s presentation currency, and rounded to the nearest thousand (N’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 convention.

## 2.4 Financial instruments

### (a) Recognition and measurement

Financial assets and financial liabilities

are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset. A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by the company which are classified as either held at fair value through profit or loss or available-for-sale are measured at subsequent reporting dates at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### (b) Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 ‘Financial Instruments: Disclosures’:

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.



- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

- Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

**(c) Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables, held to maturity financial assets and available-for-sale financial assets. Management determines the classification of financial assets at initial recognition; this classification depends on the nature and purpose of the financial asset. The company has held to maturity treasury bills and loans and receivables in its records.

**i. 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 interbank placements and have been included as part of cash and cash equivalent because of their original maturity of less than 3 months. The carrying amounts represents the fair value amount.

**ii. Held to maturity financial assets**

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.

**(d) Financial liabilities**

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

**(e) Gains and losses**

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

**(f) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points



paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(g) 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.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

**2.5 Intangible assets**

**Initial recognition**

**i. Internally generated intangible assets**

An internally-generated intangible asset arising 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 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 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.

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.

**ii. Purchased computer software**

Intangible assets are measured initially at cost and are amortised on a straight-line basis over their expected useful lives.

**2.6 Property and equipment**

Recognition and measurement

All categories of property and equipment are initially recorded at cost.

All items of property and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**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 Pensions Reform Act 2014, 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 annual basic salary as well as housing and transport allowances to the scheme. The Company's contributions to the scheme are charged to profit and loss account in the year to which they relate.

## 2.10 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.

## 2.11 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.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets are recognised for taxable temporary differences arising on depreciation of property and equipment. Deferred tax assets arising from such deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

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.

## 2.12 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.

**2.13 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 fees companies pay to the company income and excludes value added taxation. Commission fees are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.

**ii. Investment income**

Investment income comprises interest income on short term deposits and treasury bills

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

**2.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid, investments that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, bank overdrafts are included in current liabilities.

**2.15 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.

**2.16 New standards and amendments effective from 1 January 2014**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014. The applicable standard to the Company has been set out below:

Number	Effective date	Executive summary
Amendments to IAS 32 - Financial Instruments: Presentation	1-Jan-14	The IASB has issued amendments to the application guidance, in IAS 32, 'Financial instruments: Presentation', that clarify one of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment is expected to be relevant to the company.

**2.17 New standards and amendments effective after year end**

A number of new standards and amendments to standards are effective for annual periods after 31 December 2014. These standards are set out below:



Number	Effective date	Executive summary
Amendment to IAS 19 regarding defined benefit plan.	1-Jul-14	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments are not expected to be relevant to the company.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation.	1-Jan-16	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments are not expected to be relevant to the company.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.	1-Jan-16	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. These amendments are not expected to be relevant to the company.
IFRS 15 - Revenue from contracts with customers.	1-Jan-17	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. These amendments are still being assessed for relevance to the company.
Amendments to IFRS 9 - Financial Instruments (2011)	1-Jan-18	The IASB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2018. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified. The impact of this amendment is still being assessed by the company.





**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.

The company’s investment team has been given

a discretionary authority to manage the assets in consultation with the Finance and General Purpose Committee of the Board on a monthly basis.

The company is not exposed to foreign currency risk as it does not engage in any transaction that involves foreign currency.

**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. Management determines the classification of its financial instruments at initial recognition. The classification made can be seen below:

	31 December 2014 N'000	31 December 2013 N'000
<b>Financial assets</b>		
Cash and cash equivalents	147,681	458,655
Investment securities	228,569	38
Other assets	3,110	21
<b>Financial liabilities</b>		
Other liabilities	4,901	8,303

**(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 2014 N'000	31 December 2013 N'000
Treasury bills	228,569	38
Money market placement	139,088	450,672
Balances with banks	8,492	7,896
Other receivables	3,110	21
<b>Total</b>	<b>379,259</b>	<b>458,627</b>

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



**(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 Ltd (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 Ltd 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 2014						
	Carrying amount N'000	Gross total N'000	0-30 days N'000	30-60 days N'000	60-90 days N'000	Over 90 days N'000
<b>Financial liabilities</b>						
Accounts payable	4,901	4,901	-	-	-	4,901
Gap (assets - liabilities)	4,901	4,901	-	-	-	4,901
31 December 2013						
	Carrying amount N'000	Gross total N'000	0-30 days N'000	30-60 days N'000	60-90 days N'000	Over 90 days N'000
<b>Financial liabilities</b>						
Accounts payable	8,303	8,303	-	-	-	8,303
Gap (assets - liabilities)	8,303	8,303	-	-	-	8,303



**(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 Treasury bills is exposed to interest rate risk especially due to increased yield which results in loss of income if

investment is terminated before due date.

As at 31st December 2014, if interest rates on treasury bills were increased/(decreased) by 100 basis points with all other variables held constant, the increase/(decrease) in interest income would be NGN3,935,719 (31 December 2013: Nil).

**4 Judgements and estimates**

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.

In particular estimates and assumptions have been used in the following area:

- Property and equipment and intangible assets

In applying the company’s accounting policy for depreciation of property and equipment and amortisation of intangible assets, the useful lives of property and equipment items and intangible assets have been estimated . This is however not a critical estimate.

	<b>31 December 2014</b>	<b>31 December 2013</b>
	N'000	N'000
<b>5 Fees and commission income</b>		
Trading commission	11,636	382
Registration fees	12,420	28,974
	<u>24,056</u>	<u>29,356</u>
<b>6 Employee benefits and compensation costs</b>		
Salaries and wages	63,129	63,273
Pension cost	3,9303,	798
	<u>67,059</u>	<u>67,071</u>



	31 December 2014 N'000	31 December 2013 N'000
<b>7 Other operating expenses</b>		
Trading costs	35,223	6,388
Marketing expenses	6,766	17,815
Consultancy fees	368	2,962
Rent	7,903	5,801
Service charge	6,000	4,500
Depreciation (note 15)	6,280	6,130
Amortisation (note 14)	403	41
Impairment charge on receivables	-	297
Annual general meeting expense	1,186	-
General and administrative expenses	13,392	10,844
Auditor's remuneration	3,500	2,500
	<u>81,021</u>	<u>57,278</u>
<b>8 Investment income</b>		
Treasury bills	3,540	-
Money market placements	43,843	58,697
	<u>47,383</u>	<u>58,697</u>

	31 December 2014 N'000	31 December 2013 N'000
<b>9 Tax</b>		
Deferred tax income (Note 16)	(33,095)	(2,502)
	<u>(33,095)</u>	<u>(2,502)</u>

The company has a 'Nil' company income tax for 2014 (2013: nil) due to its assessable loss situation. Minimum tax has also not been computed as the company is not liable to be assessed under the minimum tax within its first 4 years of commencement of business in line with Section 33 of the Companies Income Tax Act (CITA).

	31 December 2014 N'000	31 December 2013 N'000
<b>10 Loss per share</b>		
Loss for the year attributable to shareholders (N'000)	(43,546)	(33,794)
Weighted average number of ordinary shares in issue	333,153	333,153
Basic loss per share (expressed in Kobo per share)	<u>(13.07)</u>	<u>(10.14)</u>



# NOTES TO THE FINANCIAL STATEMENTS



	31 December 2014 N'000	31 December 2013 N'000
<b>11 Cash and cash equivalents</b>		
Cash	101	87
Balances with banks	8,492	7,896
Money market placement	139,088	450,672
	<u>147,681</u>	<u>458,655</u>

	31 December 2014 N'000	31 December 2013 N'000
<b>12 Investment securities</b>		
Treasury bills	228,569	38
Due within 12 months	<u>228,569</u>	<u>38</u>

	31 December 2014 N'000	31 December 2013 N'000
<b>13 Prepayments and receivables</b>		
Fees receivable	3,090	-
Sundry debtors	20	21
Prepaid lease rental of trading platform (note 25)	6,888	4,527
Prepaid rent	4,791	3,394
Prepaid insurance	100	367
Other prepaid expenses	<u>362</u>	<u>658</u>
Due within 12 months	<u>15,251</u>	<u>8,967</u>

## 14 Intangible assets

	N'000 Computer software	N'000 Trading software	N'000 Total
<b>Cost</b>			
As at 1 Jan 2014	370	259	629
Addition	-	620	620
As at 31 Dec 2014	<u>370</u>	<u>879</u>	<u>1,249</u>
<b>Accumulated amortisation</b>			
As at 1 Jan 2014	41	-	41
Charge for the year	110	293	403
As at 31 Dec 2014	<u>151</u>	<u>293</u>	<u>444</u>
Net Book Value as at 31 Dec 2014	<u>219</u>	<u>586</u>	<u>805</u>



	N'000	N'000	N'000
	Computer software	Trading software	Total
<b>Cost</b>			
As at 1 Jan 2013	-	-	-
Addition	370	259	629
As at 31 Dec 2013	370	259	629
<b>Accumulated amortisation</b>			
As at 1 Jan 2013			
Charge for the year	41	-	41
As at 31 Dec 2013	41	-	41
Net Book Value as at 31 Dec 2013	329	259	588

15. Property and equipment

	Motor vehicles N'000	Office equipment N'000	Furniture and fittings N'000	Computer equipment N'000	Total N'000
<b>Cost</b>					
As at 1 Jan 2014	14,195	298	8,521	2,924	25,938
Addition	-	-	-	776	776
As at 31 Dec 2014	14,195	298	8,521	3,700	26,714
<b>Accumulated depreciation</b>					
As at 1 Jan 2014	4,476	83	2,718	1,065	8,342
Charge for the year	3,549	59	1,705	967	6,280
As at 31 Dec 2014	8,025	142	4,423	2,032	14,622
<b>Net book value</b>					
As at 31 Dec 2014	6,170	15	4,098	1,668	12,092

	Motor vehicles N'000	Office equipment N'000	Furniture and fittings N'000	Computer equipment N'000	Total N'000
<b>Cost</b>					
As at 1 Jan 2013	8,900	252	8,396	1,423	18,971
Addition	5,295	46	125	1,501	6,967
As at 31 Dec 2013	14,195	298	8,521	2,924	25,938
<b>Accumulated depreciation</b>					
As at 1 Jan 2013	927	28	1,023	234	2,212
Charge for the year	3,549	55	1,695	831	6,130
As at 31 Dec 2013	4,476	83	2,718	1,065	8,342
<b>Net book value</b>					
As at 31 Dec 2013	9,719	215	5,803	1,859	17,596



## NOTES TO THE FINANCIAL STATEMENTS



	31 December 2014	December 2013
	N'000	N'000
<b>16 Deferred tax asset</b>		
At 1 January	(2,502)	-
Charge/ (credited) to profit and loss account	(33,095)	(2,502)
Items in other comprehensive income	-	-
At 31 December	<u>(35,597)</u>	<u>(2,502)</u>

### Deferred tax assets

Deferred income tax assets are attributable to the following items:

	31 December 2013	Amount recognised in the income statement	31 December 2014
	N'000	N'000	N'000
Property and equipment	(2,502)	(2,018)	(4,520)
Unutilised tax losses	-	(31,077)	(31,077)
	<u>(2,502)</u>	<u>(33,095)</u>	<u>(35,597)</u>

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.

	31 December 2014	31 December 2013
	N'000	N'000
<b>17 Accounts payable</b>		
Withholding tax payable	656	2,059
Accrued expenses	3,501	3,500
Other payables	1,400	4,803
	<u>5,557</u>	<u>10,362</u>
Due within 12 months	<u>5,557</u>	<u>10,362</u>

	31 December 2014	31 December 2013
	N'000	N'000
<b>18 Share capital</b>		
Authorised:		
Ordinary Shares at N1 each	500,000	500,000
Issued and fully paid:		
Ordinary Shares at N1 each	<u>333,153</u>	<u>333,153</u>



## 19 Accumulated losses

	31 December 2014 N'000	31 December 2013 N'000
Balance at beginning of year	(91,429)	(57,635)
Transfer from statement of comprehensive income	(43,546)	(33,794)
	<u>(134,975)</u>	<u>(91,429)</u>

## 20 Contingent liabilities

The company had no pending litigation or other contingent liabilities as at 31 December 2014 (31 December 2013: Nil).

## 21 Cash used in operations

	31 December 2014 N'000	31 December 2013 N'000
Loss before income tax	(76,641)	(36,296)
Adjustments for		
- Depreciation (Note 7)	6,280	6,130
- Amortisation (Note 7)	403	41
- Investment income (Note 8)	(47,383)	(58,697)
- impairment charge (Note 7)	-	297
Changes in components of working capital		
- Increase in receivables and prepayments	(6,284)	(4,562)
- (Decrease)/ Increase in payables and accrued expenses	(4,805)	5,319
<b>Cash used in operations</b>	<b><u>(128,430)</u></b>	<b><u>(87,769)</u></b>

## 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	2014 N'000	2013 N'000
<b>Income:</b>				
Registration fees	Shareholding companies	Fees from shareholding companies that are also dealers	1,200	1,250
<b>Assets:</b>				
Chapel Hill Denham Group	Director/Shareholder	Money market placement	728	728

### 22.1 Key management compensation

	31 December 2014 N'000	31 December 2013 N'000
Salaries and other short-term employee benefits	42,019	45,030
Defined contribution	2,708	2,615
	<u>44,727</u>	<u>47,645</u>

Key management comprise of the managing director, chief financial officer and the company secretary.





## 23 Directors and employees

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

	2014	2013
Executive director	1	1
Management	2	2
Non-management	11	13
	14	16

	2014 N'000	2013 N'000
The total employee benefits expense in the year comprise the following:		
Salaries and other short term benefits	63,129	63,273
Post employment benefits	3,930	3,798
	67,059	67,071

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

N100,000 - N500,000	-	2
N500,001 - N1,000,000	5	6
N1,000,000 - N4,000,000	5	5
Over N4,000,000	3	2
	13	15

In accordance with the provisions of the Pensions Reform Act 2014, 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 annual basic salary as well as housing and transport allowances to the scheme. The Company's contributions to the scheme are charged to profit and loss account in the year to which they relate. Employees' contributions are funded through deductions from their payroll.

## 24 Capital commitments

There were no capital commitments to purchase any asset as at 31st December 2014 (31 December 2013: Nil).

## 25 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:

	2014 N'000	2013 N'000
No later than one year	78,907	36,799
Later than 1 year but no more than 5 years	74,524	153,421
Later than 5 years	Nil	Nil

The movement schedule for the prepaid leased trading platform (note 13) is shown below:

At 1 January 2014	4,527	-
Addition		
Charge for the year	(34,438)	(6,338)
At 31 December 2014	6,888	4,527



## VALUE ADDED STATEMENT



For the year ended 31 December 2014

	31 Dec 2014 N'000	31 Dec 2013 N'000
Gross income	71,439	88,053
	<u>71,439</u>	<u>88,053</u>
Trading costs	(35,223)	(6,388)
General and administrative expenses	(39,116)	(44,718)
	<u>(74,339)</u>	<u>(51,106)</u>
<b>Value (eroded)/added Distribution</b>	<u>(2,900)</u>	<u>36,947</u>
<b>Directors and employees</b>		
Salaries and benefits	67,059	67,071
<b>Government</b>		
Taxes	(33,095)	(2,502)
<b>Providers of capital</b>		
Accumulated losses	(43,546)	(33,794)
<b>The future</b>		
Asset replacement (depreciation & amortization)	6,682	6,172
	<u>(2,900)</u>	<u>36,947</u>



## THREE-YEAR FINANCIAL SUMMARY



For the year ended 31 December 2014

	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2012 N'000
<b>Statement of financial position</b>			
<b>Assets</b>			
Cash and cash equivalents	147,681	458,655	21,613
Investment securities	228,569	38	473,748
Prepayments and receivables	15,251	8,967	4,700
Intangible assets	805	588	-
Property and equipment	12,092	17,596	16,760
Deferred tax asset	35,597	2,502	-
	439,995	488,346	516,821
<b>Liabilities</b>			
Accounts payable	5,557	10,362	5,043
	5,557	10,362	5,043
<b>Equity</b>			
Share capital	333,153	333,153	333,153
Share premium	236,260	236,260	236,260
Accumulated losses	(134,975)	(91,429)	(57,635)
	439,995	488,346	516,821
	<b>12 months ended 31 Dec 2014</b>	<b>12 months ended 31 Dec 2013</b>	<b>12 months ended 31 Dec 2012</b>
<b>Profit and loss account</b>			
Gross earnings	71,439	88,053	66,260
Net operating income	71,439	88,053	66,260
Employee benefits and compensation cost	(67,059)	(67,071)	(24,219)
Other operating expenses	(81,021)	(57,278)	(77,059)
Loss before tax	(76,641)	(36,296)	(35,018)
Tax	33,095	2,502	-
Loss for the year	(43,546)	(33,794)	(35,018)
Basic loss per share (kobo)	(13)	(10)	(11)



## 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.



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.



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 6.8 billion 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.

## 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: Restaurants & Bars



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.



## 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

... Execution Perfected. Excellence Delivered.

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 1.3billion Ordinary Shares of 50 kobo each.



RM 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 **SDARMPROP**. The company is licensed to provide property development and investment services. It has an issued and fully paid capital of 1.9billion Ordinary Shares of 50 kobo each.

## INSURANCE SERVICES



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 5.8billion 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 14.2billion 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 10.95billion Ordinary Shares of ₦1.00 kobo each.



## BANKS



Jaiz Bank Plc was incorporated on 11 November 2011 and admitted to trade on NASD OTC market on 8 November 2013 with security code **SDJAIZ**. The company is licensed to operate as Non-Interest Bank in Nigeria that provides Corporate and Retail Banking Services. It has an issued and fully paid capital of 11.83 billion Ordinary Shares of ₦1.00 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 ₦1.00 kobo each.

## INVESTMENT SERVICES



BGL Plc was incorporated in 1993 and admitted to trade on NASD OTC market on 30 September 2013 with security code **SDBGPLC**. The Company is licensed by the Securities and Exchange Commission (SEC) to provide advisory services and products. It has an issued and fully paid capital of 12 billion Ordinary Shares of 50 kobo each.



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.



Partnership Investment Company Plc was incorporated in 1991 and admitted to trade on NASD OTC market on 30 September 2013 with security code **SDPARTNER**. The Company is licensed to provide financial services. It has an issued and fully paid capital of 2.88 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 **SDCAPBETO**. 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.



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.



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.

## 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: Exploration & Production



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 in Exploration and production of oil and natural gas. It has an issued and fully paid capital of 181 million Ordinary Shares of ₦10 kobo 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.



S/N	BROKER/DEALER FIRMS	S/N	BROKER/DEALER FIRMS
1	Adonai Stockbrokers Ltd	38	Fortress Capital Limited
2	African Alliance Stockbrokers Ltd	39	FSDH Securities Limited
3	Afrinvest Securities Ltd	40	Futureview Securities Limited
4	Alongrange Securities Ltd	41	Global Asset Management (Nigeria) Limited
5	Anchoria Investment & Securities Ltd	42	Golden Securities Limited
6	Apel Asset Limited	43	Greenwich Securities Limited
7	APT Securities and Funds Ltd	44	GTI Securities Limited
8	ARM Securities Limited	45	Harmony Securities Limited
9	Arthur Steven Asset Management Ltd	46	ICMG Securities Limited
10	Associated Asset Managers Ltd	47	Icon Stockbrokers Limited
11	BGL Securities Ltd	48	Imperial Asset Managers Limited
12	Calyx Securities Limited	49	Integrated Trust & Investment Limited
13	Capital Assets Limited	50	Interstate Securities Limited
14	Capital Bancorp Plc	51	Investment One Stockbrokers International Limited
15	Capital Trust Brokers Limited	52	Kedari Securities Limited
16	Cardinal Stone Securities Limited	53	Lambeth Trust & Investment Company Limited
17	Cashcraft Asset Management Limited	54	Lead Securities & Investment Limited
18	Chapel Hill Denham Securities Limited	55	Magnartis Finance & Investment Limited
19	Chartwell Securities Limited	56	Marina Securities Stockbroking Services Limited
20	City-code Trust & Investment Company Limited	57	MBC Securities Limited
21	Cordros Capital Limited	58	Mega Equities Limited
22	Core Trust and Investment Limited	59	Meristem Securities Limited
23	Covenant Securities & Asset Management Limited	60	Morgan Capital Securities Limited
24	Cowry Securities Limited	61	Network Capital Limited
25	Crown Capital Limited	62	Nigerian International Securities Limited
26	CSL Stockbrokers Limited	63	Nigerian Stockbrokers Limited
27	Dominion Trust Limited	64	PAC Securities Limited
28	DSU Brokerage Services Limited	65	Partnership Securities Limited
29	Dunbell Securities Limited	66	Perfecta Investments Trust Limited
30	Dunn Loren Merifield Securities Limited	67	Phronesis Securities Limited
31	Dynamic Portfolio Limited	68	Pilot Securities Limited
32	Elixir Securities Limited	69	Primera Africa Securities Limited
33	Equity Capital Solutions Limited	70	Prominent Securities Limited
34	Eurocomm Securities Limited	71	Pyramid Securities Limited
35	FBN Securities Limited	72	Quantum Securities Limited
36	FCSL Management Company Limited	73	Readings Investments Limited
37	Forthright Securities & Investment Limited	74	Regency Assets Management Limited



## REGISTERED PARTICIPATING INSTITUTIONS



S/N	BROKER/DEALER FIRMS	S/N	BROKER/DEALER FIRMS
75	Rencap Securities (Nigeria) Limited	87	Tiddo Securities Limited
76	Resort Securities and Trust Limited	88	Tradelink Securities Limited
77	Reward Investments & Services Limited	89	Traders Trust and Investment Company Limited
78	Santrust Securities Limited	90	Trusthouse Investments Limited
79	Securities Africa Financial Limited	91	TrustYields Securities Limited
80	Sigma Securities Limited	92	TRW Stockbrokers Limited
81	Signet Investments & Securities Limited	93	UBA Securities Limited
82	Skyview Capital Limited	94	Valmon Securities Limited
83	Smadac Securities Limited	95	Valueline Securities & Investments Ltd
84	Springboard Trust and Investment Limited	96	Vetiva Securities Limited
85	Stanbic IBTC Stockbrokers Limited	97	WSTC Financial Services Limited
86	TFS Securities & Investment Co. Limited		

S/N	ACCREDITED ISSUING HOUSES	S/N	ACCREDITED ISSUING HOUSES
1	Capital Assets Limited	14	GTI Capital Limited
2	Capital Bancorp Plc	15	ICMG Securities Limited
3	Cashcraft Asset Management Limited	16	Investment One Financial Services Limited
4	Chapel Hill Advisory Partners Limited	17	Kedari Capital Limited
5	Cordros Capital Limited	18	Marina Securities Limited
6	Core Trust and Investment Limited	19	MBC Capital Limited
7	Dunn Loren Merrifield Advisory Partners Limited	20	Pan-African Capital Plc
8	Dynamic Portfolio Limited	21	Partnership Investment Company Limited
9	Equity Capital Solutions Limited	22	Renaissance Securities (Nigeria) Limited
10	FBN Capital Limited	23	Stanbic IBTC Capital Limited
11	First Ally Capital Limited	24	Sterling Capital Markets Limited
12	FSDH Securities Limited	25	Value Capital Limited
13	Greenwich Trust Limited		

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## BANKS




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## CLEARING DEPOSITORY



SCS

## TRADING PLATFORMS



THE Nigerian  
STOCK EXCHANGE  
INC. 222



NASDAQ  
BITX  
A NASDAQ LISTED COMPANY



I/we,  
Shareholder's Name:

.....Being a member of **NASD PLC** hereby 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 2nd July, 2015** and at any adjournment thereof.

As witness my hand this.....day of.....2015

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 stead. All the proxy forms should be deposited at the registered office of the Company, 9th Floor, UBA House, 57, Marina, Lagos or the office of the Company Secretary, GIO Nominees Limited, 864B, Bishop Aboyade Cole Street, Victoria Island, Lagos, not less than 48 hours before the time for holding the Annual General Meeting. A proxy need not to 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.

**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 discretion.

	RESOLUTIONS	FOR	AGAINST
1	To re-elect Mr. Olutola Mobolurin		
2	To re-elect Mr. Oladipo Aina		
3	To re-elect Mr. Victor Ogiemwonyi		
4	To re-elect Mr. Mobolaji Balogun		
5	To authorize the Directors to fix the remuneration of the Auditors		
6	To elect Shareholders' Representatives on the Audit Committee		



Before posting the above slip, tear off this part and retain it.

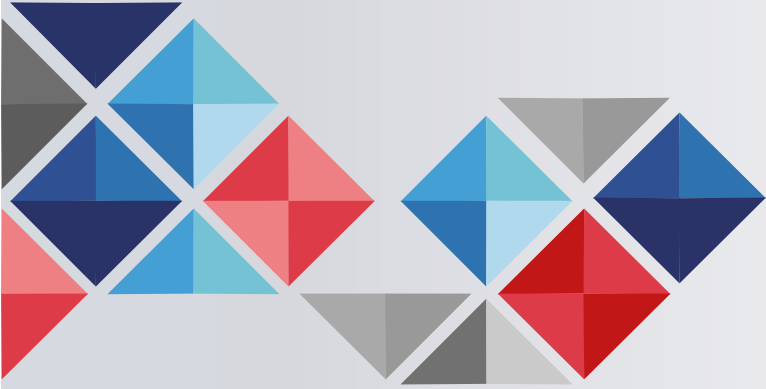


**ADMISSION SLIP**  
ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS/HER DULY APPOINTED PROXY TO THE ANNUAL GENERAL MEETING THAT WILL BE HELD AT THE AMPHITHEATRE, 15TH FLOOR, UBA HOUSE, 57, MARINA, LAGOS ON 2ND JULY, 2015 AT 11 AM

Name Of Shareholder ..... Signature.....

Address.....



# UNLOCKING VALUE







NASD PLC

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Tel: +234 1 280 8676, 234 1 460 5008

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