



**NASD PLC**  
*creating liquidity...transparently*

**2015** Annual Reports &  
Financial Statements

# Unlocking Value Breaking Boundaries



# Corporate Profile

NASD Plc evolved from the National Association of Securities Dealers. It was incorporated as a Private Limited Liability Company in June 1998 and converted to a Public Limited Company in April 2012. NASD is an Over The Counter ["OTC"] Securities Exchange registered by the Securities and Exchange Commission ["SEC"] to organise and manage OTC trading for unlisted public securities. There are presently 24 securities trading on the platform.

## What we do

We provide an opportunity for investors in unlisted securities to trade their holdings transparently in a formal and orderly manner. The NASD OTC Market currently enables trade through a platform built by NASDAQ OMX and leased from the Nigerian Stock Exchange ["NSE"]. On the NASD platform, all unlisted publicly held securities registered with SEC are eligible to trade.

As an OTC Securities Exchange, NASD's value proposition to its stakeholders (including Issuers, investor, VC/PE and to the economy in which it operates) is to:

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

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

### 1. Admission of company

This is upon application by a company for the admission of its entire shares making them immediately tradable on the platform. Here, Issuers are required to dematerialise and register all their issued and fully paid up shares for trading on the NASD OTC market. Companies admitted to the OTC market are obliged to provide corporate information to the market and will be placed in one of two tiers, (the Blue tier or Pink tier) based on the quality of corporate governance displayed by the company.

### 2. Admission of securities

Under this category, a company's securities are introduced to the NASD platform by individual shareholders who may appoint stockbrokers to verify, dematerialise and trade their holdings.

## Contents

The NASD OTC Securities Exchange ecosystem consists of:

- Registered broker/dealers allowed to trade on the platform
- Nominated settlement banks which ensure the prompt settlement and completion of the transaction cycle on the market
- Central Securities Clearing System Plc [CSCS] which clears all transactions executed on the market

NASD provides Issuers with easy funding for capital projects, growth opportunities for small companies and a transparent secondary market for shareholders

### **Vision**

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

### **Our Guiding Principles**

#### **Integrity**

We will honour all commitments and never compromise our ethics.

#### **Transparency**

Provide information that is relevant, necessary and timely.

#### **Performance**

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

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# Corporate Information

## Board of Directors

Mr. Olutola Mobolurin	(Chairman)
Mr. Bola Ajomale	(MD/CEO)
Mr. Chike Nwanze	
Mr. Bolaji Balogun	
Mr. Oladipo Aina	
Mr. Victor Ogiemwonyi	
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

## Company Secretary

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

## Auditors

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

## Bankers

United Bank for Africa Plc  
First Bank of Nigeria Plc

# Notice of 3rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of NASD PLC will hold on Friday, 6 May, 2016 at Meeting Room 3, Westwood Hotel, 22, Awolowo Road, Ikoyi, Lagos at 11am for the transaction of the following business:

1. To lay before the members the Audited Financial Statements for the year ended 31 December, 2015 together with the reports of Directors, Independent Auditors and Audit Committee thereon.

2. To re-elect directors.

Special notice is hereby given by the Company to the members in accordance with Section 256 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004 that the following resolution will be moved at the Meeting:

“Mr. Chike Nwanze be re-elected a Director of the Company notwithstanding that he attained the age of 75 years on 7 November 2015”.

3. To authorise the Directors to fix the remuneration of the Independent Auditors.

4. To elect members of the Audit Committee.

## Notes

### (a) Special Notice

Mr. Chike Nwanze has given notice to the Company and by so doing hereby further discloses to members that he attained the age of 75 years on 7 November, 2015.

### (b) Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to

attend and vote in his stead. A proxy need not be a member. A form of proxy is attached to the Annual Report and Accounts. All instruments of proxy should be stamped and deposited at the registered office of the Company, 9<sup>th</sup> 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.

### (c) Audit Committee Members

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

### (d) Closure of Register of Members

The Register of Members will be closed from the 8<sup>th</sup> day of April, 2016 to the 12<sup>th</sup> day of April, 2016, in terms of the provisions of section 89 of CAMA (both dates inclusive) for the purpose of preparing an up-to-date Register of Members.

DATED THIS 24TH DAY OF MARCH, 2016

BY ORDER OF THE BOARD



L. Omolola Ikwuagwu (Mrs.)

FRC/2015/NBA/00000007013

GIO NOMINEES LIMITED

Company Secretary

## Statement From The Chairman

Distinguished ladies and gentlemen, valued shareholders on behalf of the board of NASD Plc, I am pleased to welcome you to our 3<sup>rd</sup> Annual General Meeting and to present to you the Annual Report and Financial Statements for the year ended 31 December 2015.

In order to understand and appreciate the Company's performance for the year under review, I believe that an examination of the events in the global and national economic terrain is appropriate.

### **The Global Economy**

The performance of the global economy in 2015 was mixed with many countries facing challenges. Oil prices fell below US\$37 per barrel, the lowest recorded in recent years due largely to weak demand for the commodity, a fight for market share by some members of the Organisation of the Petroleum Exporting Countries ["OPEC"] and increasing supply from non-OPEC producers.

The spread of terror by the Islamic State in Iraq and Syria ["ISIS"] and across several countries in the world but in particular the resulting humanitarian crisis resulting from massive migration of refugees fleeing the Syrian Civil War into Europe were major causes of concern in Europe and other parts of the world during the year.

In China, the world's second largest economy, the consistently weak economic data from the country and the government's devaluation of its currency caused considerable financial losses in its stock markets and other global markets.



## The Nigerian Economy

The year 2015 was a challenging albeit memorable year for Nigeria as a nation as she successfully conducted peaceful general elections with power transiting for the first time in her history from the ruling party to an opposition party. While the successful elections conducted brought with it a renewed wave of optimism, the uncertainties around the general economic policy of the new government and the delay in the appointment of Ministers resulted in a dampening of the initial optimism of the populace by the third Quarter.

The change however is not without its anxieties. The country has for several years now been grappling with the devastating destruction of property, the disruption of economic activities and the displacement of millions of people from their homes by an insurgency led by a self-proclaimed ISIS affiliate, Boko Haram, in the North-East of the country. The change has also brought on the fear of possible renewed militancy in the oil rich Delta that may disrupt oil production and export. To this mix of challenges can be added the foreign exchange crisis and Government revenue shortfalls as a result of the rapid fall in the global price of crude oil, Nigeria's source for about 90% of her foreign exchange earnings and over 70% of Government revenue.

Nigeria, with such high dependency on revenue from crude oil exportation was adversely affected by the sharp plunge in the price of the product. Prices dropped from US\$56 per barrel in December 2014 to US\$36 per barrel in December 2015, a drop of 35.8%. Due to this significant drop in crude oil price and its impact on the nation's reserve, the value of the naira against the dollar fell with the interbank market rate adjusted to ₦199.5/US\$1 from the ₦181.5/US\$1 exchange rate at the end of the preceding year but falling dramatically to ₦266/US\$1 in the parallel market. The country's GDP fell to 2.8% in 2015, in contrast to the 6.2% recorded in

2014, the weakest growth in over 15 years.

The removal of the Nigerian Bond by JPMorgan Chase from its local currency emerging market bond indexes due to the restrictions on foreign-exchange transactions by the CBN as part of efforts to address the foreign exchange concerns facing the nation resulted in significant sell-off in Nigerian Investment instruments.

In 2015, the newly elected government unfolded its plans towards curbing corruption which has over the years affected the country's image and appeal to foreign investors. It introduced the Treasury Single Account ["TSA"] to promote financial transparency in financial management, prevent misapplication of public funds and block leakages across all the different organs of the Federal Government.

## The NASD OTC: Business Environment

The economic environment in 2015 impacted, as would be expected negatively on the Nigerian capital market in general and the OTC market in particular. The Securities and Exchange Commission ["SEC"] however showed its commitment to strengthening the OTC market by the release of the Rule on Trading in Unlisted Public Securities in April 2015. The rule ensures that all securities of unlisted public companies are to be traded only on a SEC-registered securities exchange. The release of this rule effectively made illegal the "informal market" where these securities were hitherto exchanged without regulatory supervision. The Rule (and its penalty provisions) has significantly increased investor confidence and made the Nigerian capital market more attractive for both local and foreign investors.

The support of SEC in the course of the year was also evident from its support of the market's product development/diversification with its approval of the

OTC Market's Rules for Market Makers and Equity Linked Notes Operational Guidelines.

In 2015, the SEC enforced the new minimum capital requirements as earlier pronounced for various Capital Market Operators ["CMO"] aimed at improving operators' baseline financial capacity, infrastructure and service delivery. With this development, the outlook for 2015 and beyond as regards CMOs is one of healthier operators and reinforcement of investors' confidence.

### Trade Activity

As at 31 December 2015, the number of Participating Institutions and Authorised Traders stood at 107 and 170 respectively while the cumulative value of transactions executed on our platform exceeded ₦50billion.

The market witnessed an extraordinary trade in excess of ₦40 billion, the first of its kind since inception and over 140 days of continuous trading up until the end of 2015 following the release of the Rule on Trading in Unlisted Public Securities. Also in 2015, the Company crossed the twenties mark in terms of the number of securities on its platform, ending the year with a total of 24 securities.

We expect to see even more activity on the market as more investors (local and foreign) tap into the transparency and value which NASD offer.

### Financial Performance

In my address last year, I forecasted that 2015 would be a year in which the Company would take a new and exciting turn. I am pleased to inform you that even in the face of the many challenges which befell the global economies including Nigeria the company for the first time since the commencement of operations closed the year on a positive position.

Distinguished shareholders, your company earned ₦242.8 million as trading commission in the year under review in comparison with the sum of ₦11.6 million achieved in the preceding year. This substantial increase is principally due to the publication of the new SEC rule on trading of unlisted shares which makes it obligatory for unlisted public companies to transact their securities on SEC registered trading platforms. From membership fees, the company earned ₦16.1 million and ₦52.4 million from interest on bank placements representing 30% and 11% increase respectively over the previous year's revenue of ₦12.4 million and ₦47.4 million. The increase in membership fees for 2015 was largely due to registration of new participating institutions, while the increase in interest income is due to increase in cash holdings available for investment as a result of revenue growth.

Our direct trading expenses in the year under review was ₦85 million in comparison with ₦35.2 million in the preceding year representing an increase of 141%. This is as a result of the second year lease payment to The NSE for the use of its trading platform which is substantially higher than the first year lease payment, in line with agreed payment schedule. It is to be noted that your company held series of engagement with NSE during the year under review to request for a reduction in the cost of the leased platform. This process is on-going and your Board will also consider alternative options which will help to bring down the cost of operations substantially.

Other costs during the review period (marketing, payroll and general administration costs) stood at ₦151.6 million as against ₦113 million in the preceding year, representing an increase of 34%. This resulted from increased level of publicity at a cost of ₦17.3 million in 2015 against ₦6.8 million in the preceding year. During the year, a portion of sitting allowances previously uncollected by directors for both Committee and Board



meetings was paid in the sum of ₦12.75 million. It is a gesture which is meant to appreciate the commitment of board members since inception of the company and also encourage them to work harder for greater success in the years ahead.

### Future Outlook

The year ahead poses uncertainties for our economy and capital market. We however are optimistic that the trading platform will attract new securities in 2016 and a rebound in the economy, no matter how modest will help in lifting trades and value of trades for many of the securities currently trading below their historical fair values. We also expect that with innovation and focus, your company will be able to profitably expand horizons and improve profitability.

We expect that the Company having put in place the necessary structure and prepared itself to diversify asset classes/products on its platform will achieve this feat.

In the course of this year, we may need to raise additional capital to help bridge the financial position of the company while the necessary cost structures and revenues are brought into the ideal alignment we seek. We hope we can count on the enthusiastic support of our current shareholders.


### Appreciation

On behalf of the Board of Directors, I offer my sincere gratitude to all members of staff and management. As a Company, the greatest asset we have is not brick and mortar but the extraordinary men and women who daily uphold the values of the Company and work tirelessly at ensuring that its strategic goals are achieved and because of them, we look to the future with optimism. Our appreciation further goes to SEC for their support towards ensuring the growth of the OTC Market. To our

shareholders who continue to support and encourage our efforts we express our sincere appreciation. I also thank all our Participating Institutions for being a part of the success so far.

Finally, I would like to thank my colleagues on the Board for their contribution to the Company's good results. These could not have been achieved without their full support and commitment.

Thank you all for your attention.



**Olutola Mobolurin**  
**Chairman, Board of Directors**  
**NASD Plc**  
**May 2016**

# Chief Executive Officer's Review



Dear shareholders,

By the end of the 2015 financial year [FY15] we had consolidated our emergence as a Self Regulatory Organisation that encourages transparency in the trade of unlisted securities.

Our objectives were to:

- build a self-sustaining, orderly Over the Counter ["OTC"] market for non-listed investment products
- bring transparency to a hitherto opaque secondary market
- firmly establish the responsibility of the broker in secondary trades
- make it easier for issuers to raise fresh funds and attract new investors
- build an institution that provides above superior returns on investment for shareholders.

## Our Environment

Most of 2015 was unsettled both globally and locally. The investment community was distracted in the first quarter of 2015 by the highly charged political process which created an impression of high political risk. After a brief respite and return to positive speculation in Q2 Oil prices commenced what was to be an aggressive and sustained collapse which forced crude oil prices down from \$110 per barrel to less than \$40 per barrel in 5 months!

Coupled with a weakening in the global economy, Nigerian capital market witnessed near panic fire-sales as foreign portfolio managers' truncated Nigeria exposure and local investors returned to cash.

In the first three quarters of 2015, Nigeria posted an average Real GDP growth of 3.05% as against 6.33% in the previous comparative period. Foreign exchange reserves dipped to US\$ 29.04 billion in December 2015 and the Naira's parity on the parallel market dropped to the lowest value in 42 years at ₦282 to the US\$.

### Expanding Horizons

Despite the economic difficulties facing Nigeria and the attendant high risk perception in 2015, your company was able to record many firsts and break boundaries:

In February 2015 we launched our evolution into a true Alternative Investment Market with the organisation of a highly successful Private Equity ["PE"] conference. Our communique from the conference was that PE inflows into West Africa are increasing but there is a strong need for PE Exit market. We have currently arranged work groups comprised of leading operators in the PE industry – including PE firms, Venture capitalists, Business Valuers and Pension Fund Administrators to further develop the initiative. Ahead of the roll-out of this new market however, we have witnessed the first direct PE activity in the OTC market. Firstly, with a direct investment by a PE firm in Central Securities Clearing System Plc ["CSCS"] and later from a second PE firm's investment in Riggs Ventures Plc. We expect more transactions to occur as large investors see the hidden value in Admitted Securities.

NASD further served as a platform for the transparent acquisition of 13% of Friesland Campina by a foreign investor consistent with our objective of creating transparency in the unlisted securities market

In April 2015, the NASD OTC market experienced a fundamental shift in dynamic as the Securities and Exchange Commission ["SEC"] released a Rule on Trading Unlisted Securities. This led to a dramatic change in the operations of NASD. Off market opaque trades were now legally restricted to orderly regulated markets

leading to more transparency and protection for investors; better pricing opportunity and increased trade activity. Prior to April 2015, the OTC market recorded at best, a few fitful trades each week. NASD has -since this rule was made, experienced over 300 days of uninterrupted trade.

In order to make the platform more accessible to the international investing (and researching community, NASD also received an ISO 10383 Market Identifier Code – NASX which is a unique internationally recognised identifier for the market.

In July 2015, NASD commenced Trade Alerts. Investors now have the option to receive real time transaction information on their OTC transactions. With excellent cooperation from the CSCS, we also opened up Admitted Securities for Lien arrangements- again improving the opportunity for liquidity for investors.

In September 2015, your company introduced a tighter surveillance regime which will closely monitor all market activity on the exchange to establish an even more liquid and transparent market. This regime has built in more controls into how trades are transacted on shares outside market stipulated bands hence the introduction of Negotiated deal framework. Your company will continue to ensure that it boosts and improve the weakened confidence of capital market investors.

Based on the improving regularity of trades, we have been able to establish a market index tagged the Unlisted Securities Index which comprises all securities trading on our platform. We also launched a daily reporting portal for Trading Institutions.

In the last quarter of 2015 and in reflection of the growing embrace from Issuers, Traders and Investors, we focussed on improving information flows between all stakeholders. The market held its first CEO interactive session in October which allowed Issuers of Admitted Securities

address the CEOs of Participating Institutions. We also introduced the Analyst call series which has served as a great channel to provide stakeholders with price sensitive information in a fair and transparent manner. As at the end of 2015, 4 companies (Acorn Petroleum Plc, Afriland Properties Plc, CSCS and Trustbond Mortgage Bank Plc) had taken advantage of this platform to address the OTC market. We expect the analyst call sessions will lead to a better informed and more robust market in 2016 and going forward.

### Operating highlights

#### By 31 December 2015:

We had increased the number of trading securities from 19 in January 2015 to 24 – a 26 % increase. We believe that with the release of the list of Public companies duly registered at SEC, the number of new Admitted Securities will increase significantly in 2016.

107 Stockbroking firms had registered to trade on the platform. For ease and accountability, we therefore unified re-registration requirements for all Participating Institution. Pls registered to trade on the platform now have a unified trading year that runs from January to December.

24 securities had been admitted to the market with an aggregate market capitalisation of ₦360 billion. The capitalisation-weighted index on the market rested at 582.79 units as at 31 December 2015 while 15.46% of the total market had been dematerialised. We expect this to increase significantly in 2016.

#### Expanding through partnerships

We cannot create this alternative investment market without the active support of the Corporate Affairs Commission and other policy makers and most especially the highly responsive assistance of the Apex regulator of the Capital market - the Securities and Exchange Commission. In addition to the pivotal Rule on Trading

Unlisted Public Securities, the SEC in 2015 approved Trading OTC Linked notes which will broaden the range of tradable asset classes and NASD guidelines for Market Making to boost liquidity in the market. SEC is also considering our draft guidelines on how NASD can expand upstream to support the SME class which we believe is the bedrock of this economy.

In the course of the year we also deepened our relationships with various partners such as the Association of Asset Custodians, the Capital Market Solicitors Association, the Chartered Institute of Stockbrokers and the Pearl Awards – the latter who created a new category for OTC trading stocks for the first time in 2015.

### Financial Highlights

#### Income Generation

Income on all major heads increased significantly as we start to build critical mass and on the back of efficient operational standards.

By year end, 2015, Transaction fees were ₦242.8 million – a 1993% increase over the level achieved in 2014 (₦11.6 million).

Income from membership fees was ₦16.1 million - 30% higher than income of 2014 mainly as a result of the increase number of subscribing Participating Institutions.

Investment income was ₦52.4 million as against ₦47.4 million earned in the previous year, amounting to an increase of 11%.

From 2016, we expect than NASD will start to generate revenue from sale of market data

#### Expense Management

Direct expenses of ₦85 million was higher by 141% than 2014 level (₦35.2 million). This reflects (in part) the second

of a three part payment plan made for the lease of the trading platform and also reflects the devaluation in the Naira from ₦165 to ₦197 to the US Dollar as the agreements was Dollar denominated.

As it relates to General Administration cost, the level of ₦151.6 million incurred during the year was higher by 34% than the previous year expenditure of ₦113 million. This was as a result of increase in statutory payments and some other operational activities.

### Outlook for 2016

In 2016, NASD will continue to build structures to support Economic growth in the West African region and support capital mobilisation through liquidity and transparency. Specifically we aim to significantly increase the number of securities trading on the platform by the end of the year. We also intend to fully evolve into an Alternative Investment market catering not only to equities which was our start point but to other asset classes such as the Private equity market, Small and Medium Enterprise support Inter-cooperative fund trading and Crowdfunding.

Technology has always been a major driver of the OTC market and as a result we launched a more interactive website in January 2016 which allows all stakeholders obtain even more information. We are also in the process of forming relationships with major data distributors with a view to distribution market data. We shall continue to adopt technology that will ease access to trade and obtain information on the NASD OTC Securities exchange.

As the market matures and builds local acceptance we have commenced building relationships with other exchanges such as the London Stock Exchange, The Bourse Régionale des Valeurs Mobilières and the Canadian Securities Exchange. Currently, we are completing our registration with the Association of Stock Exchanges of Africa.

In the course of our growth, the Board notes that your company may need to raise additional funds to support working capital and advance market delivery. The Board of NASD therefore is considering the option of raising additional capital via a rights issue. This will be presented at the general meeting for your consideration.

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.

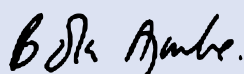
Our platform partners – the Central Securities Clearing System and the Nigerian Stock Exchange whose platforms have allowed us deliver premium level trading in unlisted securities in Nigeria.

Our Participating Institutions who have assisted in building this market and brought their clients to it.

Our staff, who though few, have expressed uncommon imagination and genuine dedication to the development of this market.

You, our shareholders for your support in creating a truly transparent and orderly trading platform for unlisted securities.

Thank you.



**Bola Ajomale**  
MD/CEO  
May 2016

# Board of Directors



**OLUTOLA MOBOLURIN**  
Chairman



**CHIKE NWANZE**  
Vice Chairman & Chairman,  
Disciplinary Committee



**OLADIPO AINA**  
Director & Chairman,  
Market Development  
Committee



**VICTOR OGIEMWONYI**  
Director & Chairman,  
Technical Committee



**MOBOLAJI BALOGUN**  
Director



**ALBERT OKUMAGBA**  
Director



**KAYODE FALOWO**  
Director & Chairman,  
Rules and Membership  
Committee



**ARIYO OLUSHEKUN**  
Director & Chairman,  
Finance and General Purpose  
Committee



**ABUBAKAR LAWAL**  
Director



**JIBOLA ODEDINA**  
Director



**ADE BAJOMO**  
Director



**SAMUEL NWANZE**  
Director



**BOLA AJOMALE**  
Managing Director/CEO

# Corporate Governance Report

The image shows a conference room with a large, dark, oval-shaped table in the center. Several black leather office chairs with silver bases are arranged around the table. In the background, there is a whiteboard on the left wall and a dark door on the right. The entire scene is overlaid with a blue tint, and the text 'Corporate Governance Report' is written in white, bold, sans-serif font in the upper left quadrant.

## 1. Introduction

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

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

The Company has put in place systems of internal 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.

## 2. 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, 2015, the Board had one Executive Director- the Managing Director of the Company. The Board also had twelve 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, 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 and 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



## Corporate Governance Report Contd.

**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	11-2-2015	6-5-2015	22-07-2015	6-11-2015	Total
Mr. Olutola Mobolurin	Capital Bancorp Plc	✓	✓	✓	✓	4
Mr. Chike Nwanze	Icon Stockbrokers Limited	✓	✓	✓	✓	4
Mr. Oladipo Aina	Signet Investments & Securities Limited	✓	✓	✗	✓	3
Mr. Ariyo Olushekun	Capital Assets Limited	✓	✓	✓	✓	4
Mr. Victor Ogiemwonyi	Partnership Investment Company Plc	✓	✓	✗	✓	3
Mr. Albert Okumagba	BGL Plc	✓	✗	✓	✓	3
Mr. Abubakar Lawal	GTI Capital Limited	✗	✗	✓	✓	2
Mr. Kayode Falowo	Greenwich Securities Limited	✗	✓	✗	✗	1
Mr. Bolaji Balogun	Chapel Hill Denham Group	✗	✗	✗	✗	-
Mr. Jibola Odedina	Coronation Securities Limited	✓	✗	✗	✓	2
Mr. Ade Bajomo	NSE Consult Limited	✗	✓	✓	✓	3
Mr. Samuel Nwanze	Heirs Holdings	✓	✓	✓	✓	4
Mr. Bola Ajomale	NASD Plc	✓	✓	✓	✓	4

\*Includes attendance by approved Alternate Directors representing the organisations

## Corporate Governance Report Contd.

**Directors retiring by rotation**

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

**a. Chike Nwanze**

Chike Nwanze is Vice Chairman of the Board and Chairman, Disciplinary Committee of NASD Plc. He holds a Bachelor Degree in Business Administration and also an MBA in Financial Management. He has had diverse work experience in the oil and gas, banking and stock broking sectors of the economy.

Prior to his current position, he worked in Shell, Houston Texas from 1969 to 1972 before returning to Nigeria to join Shell-BP Petroleum Development Company Nigeria. In 1975, he joined the Nigerian Bank for Commerce and Industry (now Bank of Industry) and ICON Limited (Merchant Bankers) as a General Manager.

He has participated in various workshops, seminars and executive programs at The Economic Development Institute of the World Bank; Industrial projects course and Amos Tuck school of Business Administration, USA. He is a fellow of the Institute of Directors, Fellow of the Economic Development Institute (F.E.D.I) and a Fellow of the Chartered Institute of Stockbrokers.

**b. Albert E. Okumagba**

Albert Egbaroghene Okumagba is the Group Managing Director/Chief Executive Officer of BGL Plc. He is also the Chairman of BGL Securities Limited, BGL Asset Management Limited, BGL Private Equity Limited, I-skill Limited and Immersion Marketing Strategies (IMS) Limited. Prior to joining BGL he was Manager and Head of Mergers and Acquisitions at Centre- Point Bank Plc (now Unity Bank Plc). During his career at Centre-Point, Mr. Okumagba managed portfolios in Corporate Banking, Multilateral Agency Credits and traded on the floor of the Nigerian Stock Exchange on behalf of Centre-Point's

stock broking affiliate, Centre-Point Investment Limited. Mr. Okumagba is the President and Chairman of Council of the Chartered Institute of Stockbrokers (CIS). Prior to his election in April 2014, he was a Council Member of the Institute from 1999 to 2006 and then rejoined the Council in April 2013. He has also chaired the CIS Annual National workshop Committee since inception of the Workshop in 2012 to April 2014.

He was a Council Member of the Nigerian Stock Exchange from November 2003 to September 2006 and Chairman of the Association of Issuing Houses of Nigeria from 2002 to October 2006. He was the Vice-chairman of the Bond Market Steering Committee ("BMSC") as well as the Chairman of the Technical and Strategy Subcommittee of the BMSC.

He was a member of the National Committee on Job Creation (NCJC); a committee tasked with coming up with practical and specific interventions for ensuring increased job creation and a member of the Presidential Committee on "Public Private Partnership (PPP)" for 104 Unity Schools in Nigeria. He also served as the Chairman of the Human Capital Development Policy Commission of the Nigerian Economic Summit Group from 2008 to 2012, and is presently a Member, Delta State Economic Advisory Council.

Mr. Okumagba is an authorised dealing Clerk of the Nigerian Stock Exchange. He holds a Bachelor of Science Degree in Economics from the University of Ibadan and a Master of Science Degree in Economics specialising in Monetary Economics from the University of Lagos. He has attended several courses in Multilateral Agency Credit Appraisals, World Bank Assisted Projects and Corporate Finance. He is an alumnus of the Lagos Business School Chief Executives Programme (CEP).

**c. Ariyo Olushekun**

Ariyo Olushekun is the Chairman, Finance and General Purpose Committee of NASD Plc. Mr. Olushekun is a

## Corporate Governance Report Contd.

Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Stockbrokers and the Institute of Directors. He is also an Associate of the Chartered Institute of Taxation and The Nigerian Institute of Management. He is an Authorised Dealing Clerk of The Nigerian Stock Exchange and is duly registered by the Securities & Exchange Commission. He holds MBA (Marketing) from the University of Lagos as well as HND (Upper Credit) in Accountancy from Yaba College of Technology. He is also an Alumnus of the Advance Management Program (AMP) of IESE Business School, Barcelona, Spain.

Mr. Olushekun has over 28 years experience of active participation in various aspects of Investment Banking. He is currently the Vice-Chairman/CEO of Capital Assets Limited, a leading Investment Banking outfit in Nigeria.

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

#### d. **Abubakar Lawal**

Abubakar Lawal is the Managing Director and Chief

Executive Officer of GTI Capital Limited. His wealth of experience in Stockbroking & Investment banking business spans over twenty years having worked for various companies including City Code Trust Limited and AL trade Securities Limited.

He joined the service of GTI Capital Limited in 1999 as the Managing Director and has been involved in packaging major ground breaking transactions in Capital Restructuring, Capital Raising, IPOs, New listings, Buyout, etc. in the capital markets. A fellow of the Chartered Institute of Stockbrokers, Abubakar is a retired Council member of the Nigerian Stock Exchange.

He is an Associate member of Certified Pension Practitioner and a member of the National Institute of Marketing of Nigeria (ANIM). He currently serves on the board of Wema Bank Plc. He is also a Council member of the Chartered Institute of Stockbrokers of Nigeria and an active member of the Institute of Directors.

### 3. **BOARD COMMITTEES**

In conformity with the Code of Best Practices in Corporate Governance, the Board of Directors worked through 6 (six) 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

## Corporate Governance Report Contd.

program including trade practice and market surveillance and other regulatory responsibilities with respect to Authorised Dealers including stating the 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 ad-hoc basis whenever firms seeking registration with NASD have fulfilled all the necessary requirements. The Rules & Membership committee met 3 (three) times in 2015 and had the following institutions as members as at 31 December 2015:

S/N	INSTITUTION
1	Greenwich Trust Limited
2	Anchoria Investments & Securities Limited
3	Capital Bancorp Plc
4	Signet Investments & Securities Limited
5	ICON Stockbrokers Limited
6	TFS Securities & Investment Company Limited
7	Chapel Hill Denham Securities Limited
8	Meristem Securities Limited
9	Dunn Loren Merrifield Ltd
10	GTI Capital Limited
11	Lead Capital
12	Reward Investment & Services Limited

### 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 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 2 (two) times in 2015 and had the following institutions as members as at 31 December 2015:

## Corporate Governance Report Contd.

S/N	INSTITUTION
1	Capital Assets Limited
2	Anchoria Investment & Securities Limited
3	Partnership Investment Company Plc
4	BGL Plc
5	FCSL Asset Management Limited
6	Prominent Securities Limited
7	Heirs Holding Capital Limited
8	Regency Assets Management Limited
9	Lead Securities & Investment Limited

**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 recommending policies that will encourage trading activities on the NASD OTC market.

The Terms of Reference of the Market Development committee include:

- To advise the Board on business development issues
- To oversee and make recommendations to the Board on all issues which impact on the Company's image

The Committee meets on an ad-hoc basis as the need arises. The Market Development committee met 2 (two) times in 2015 and had the following institutions as members as at 31 December 2015:

S/N	INSTITUTION
1	Signet Investments & Securities Limited
2	BGL Plc
3	Dynamic Portfolio Limited
4	TFS Securities & Investment Company Limited
5	GTI Capital Limited
6	Chapel Hill Denham Securities Limited
7	Regency Asset Management Limited
8	Tubiped Investment Limited
9	Coronation Securities Limited
10	Meristem Securities Limited
11	Rencap Securities Limited
12	Lead Capital Plc
13	UBA Capital Securities Limited
14	WSTC Financial Services Limited
15	CSL Stockbrokers Limited
16	Vetiva Securities Limited
17	Valmon Securities Limited
18	Investment One Stockbrokers Int'l Limited

## Corporate Governance Report Contd.

**Technical Committee**

The Technical committee chaired by Mr. Victor Ogiemwonyi 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 Committee met once in 2015 and had the following institutions as members as at 31 December 2015:

S/N	INSTITUTION
1	Partnership Investment Company Plc
2	NSE Consult Limited
3	Signet Investments & Securities Limited
4	Greenwich Trust Limited
5	Chapel Hill Denham Securities Limited
6	GTI Capital Limited
7	Coronation Securities Limited
8	Capital Assets Limited
9	Tubiped Investment Limited
10	FCSL Asset Management Limited

**Disciplinary Committee**

The Disciplinary Committee set up to investigate any allegation of violation of the NASD OTC Rules and adjudicate all disputes involving Participating Institutions is chaired by Mr. Chike Nwanze. The Committee met 2 (two) times in 2015 and had the following institutions as members as at 31 December 2015:

S/N	INSTITUTION
1	NASD Plc
2	NASD Plc
3	NASD Plc
4	Capital Market Solicitors Association ["CMSA"]
5	Chartered Institute of Stockbrokers ["CIS"]

## Corporate Governance Report Contd.

**Ad-hoc Strategic Review Committee**

The Strategic Review Committee is chaired by Mr. Ariyo Olushekun. The Committee was established primarily to review all factors impacting the revenue generating capacity of NASD and review major expense issues that may jeopardise the continued existence of NASD. It is authorised by the Board of Directors to determine, on behalf of the Board or, where necessary advise the Board on matters relating to the survival of NASD as a going concern.

The Ad-hoc Strategic Review Committee met 3 (three) times in 2015.

**4. STATUTORY AUDIT COMMITTEE**

As at 31 December 2015, 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 Mr. Kashimu Kurfi, 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 twice during the 2015 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	2
GTI Securities Limited	Mr. Abubakar Lawal	Non-Executive Director	Member	-
Chapel Hill Denham Securities Limited	*Ms. Oby Ugboma	Non-Executive Director	Member	1
Coronation 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, have carried out our statutory functions under the Act and 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, 2015 are satisfactory and reinforce the company's internal control system;
- (c) we have 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



## 6. 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 minimising the impact of such risks to the achievement of set Company's objectives.



## 7. CODE OF BUSINESS PRINCIPLES

NASD Plc has a documented code of business principles to guide all employees and business partners in the discharge of their duties. The code sets the standard of professionalism and degree of integrity required for business operations. Among other things, the code covers the following areas: compliance with the law,

conflicts of interest, public activities, environmental management, diversity in the workplace, accuracy and reliability of financial reporting, related and interested party transactions, etc. It also covers procedure for handling breaches and instances of non-compliance.

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

## 8. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

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

## 9. WHISTLE BLOWING POLICY

The Company has established a Whistle Blowing policy which provides a secure channel of communication for all employees and stakeholders to report issues of a sensitive nature or wrongdoing to the Board and management of NASD while maintaining the confidentiality of the whistleblower. The Company has a dedicated phone number and email address through which such complaints can be received. These are:

**Phone number: 01-4605008**

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

## Directors' Report

### For the year ended 31 December 2015

The directors submit their report together with the audited financial statements for the year ended 31 December 2015.

#### (a) Legal form and principal activity

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

#### (b) Operating results

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

	2015	2014
	N'000	N'000
Profit/(Loss) before tax	75,119	(76,641)
Tax	(13,452)	33,095
Profit/(Loss) after tax	<b>61,667</b>	<b>(43,546)</b>
Profit/(Loss) per share (Kobo)	18.51	(13.07)

The directors do not recommend the payment of a dividend.

#### (c) 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
		Ordinary shares of ₦1 each	
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. Chike Nwanze, Mr. Albert Okumagba, Mr. Ariyo Olushekun and Mr. Abubakar Lawal are the directors retiring by rotation in accordance with the provisions of S.259 of CAMA and all being eligible, offer themselves for re-election. Special notice is given in accordance with Section 256 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 in respect of Mr. Chike Nwanze who attained the age of 75 years in 2015.

#### (d) Shareholding

According to the register of members at 31 December 2015, 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 – 10,000,000	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
GTI Capital Limited	6.87	Yes
NSE Consult Limited	6.87	Yes
Heirs Holdings Plc	8.59	Yes
BGL Securities Limited	8.73	Yes
Falcon Securities Limited	9.02	No

#### (e) Human resources

##### Employment of disabled persons

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

##### Employee health, safety and welfare at work

The company enforces strict health and safety rules and practices in the work environment, which are reviewed and

tested regularly. The Company provides subsidies to all levels of employees for medical expenses and transportation. Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

**(f) Employee training and involvement**

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

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

**(g) Donations and gifts**

The Company did not make any donation during the year (2014: Nil)

**(h) 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.

**(I) Company Secretary**

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

By order of the Board



**L. Omolola Ikwuagwu (Mrs.)**

**FRC/2015/NBA/00000007013**

**GIO NOMINEES LIMITED**

**Company Secretary**

# Statement of Directors' Responsibilities

## For the year ended 31 December 2015

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards as well as the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the company and of the profit of the period.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.



Olutola Mobolurin  
Chairman

FRC/2014/CISN/00000003804



Bola Ajomale  
MD/CEO

FRC/2014/CISN/00000005778

## Certification of Financial Statements

Pursuant to Section 609(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, 2015 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 statements were made;
- 3) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects, the financial condition and results of operation of the company as of and for the periods presented in the report.
- 4) We:
  - a) are responsible for establishing and maintaining internal controls
  - b) have designed such internal controls to ensure that material information relating to the company is made known to us by others within the company particularly during the period in which the periodic reports are being prepared;
  - c) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
  - d) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of date;
- 5) We have disclosed to the Auditors of the company and Audit Committee
  - a) all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise 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.
- 6) We have identified in the report whether or not there were significant deficiencies and material weaknesses.



Managing Director/CEO



Chief Financial Officer



## **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 2015 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 misstatements, whether due to fraud or error.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial affairs of the company as at 31 December 2015 and of its financial performance and 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 blue ink, appearing to read 'Daniel Asapokhai', is written over a light blue circular watermark.

For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria  
Engagement Partner: Daniel Asapokhai  
FRC/2013/ICAN/00000000946



31 March 2016



# Financial Statements



## Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	31 Dec. 2015	31 Dec. 2014
		N'000	N'000
Fees and commission income	5	259,363	24,056
Employee benefits and compensation costs	6	(71,783)	(67,059)
Other operating expenses	7	(164,878)	(81,021)
Operating profit/ (loss)		22,702	(124,024)
Interest income	8	52,417	47,383
Profit/(Loss) before tax		75,119	(76,641)
Tax (expense)/income	9	(13,452)	33,095
Profit/(Loss) for the year		<b>61,667</b>	<b>(43,546)</b>
Other comprehensive income:		-	-
Total comprehensive income/ (loss) for the year		<b>61,667</b>	<b>(43,546)</b>
Profit/ (Loss) per share (kobo) - basic	10	<b>18.51</b>	<b>(13.07)</b>

# Statement of Financial Position

As at 31 December 2015

	Notes	31 Dec. 2015	31 Dec. 2014
		N'000	N'000
<b>Assets:</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	239,260	147,681
Investment securities	12	211,318	228,569
Prepayments and receivables	13	26,597	15,251
<b>Non current assets</b>			
Intangible assets	14	402	805
Property and equipment	15	9,020	12,092
Deferred tax asset	16	23,153	35,597
<b>Total assets</b>		<b>509,750</b>	<b>439,995</b>
<b>Liabilities:</b>			
Accounts payable	17	12,637	5,557
Current income tax	18	1,008	-
		<b>13,645</b>	<b>5,557</b>
<b>Equity:</b>			
Share capital	19	333,153	333,153
Share premium		236,260	236,260
Accumulated losses		(73,308)	(134,975)
		<b>496,105</b>	<b>434,438</b>
<b>Total liabilities and equity</b>		<b>509,750</b>	<b>439,995</b>

The financial statements were authorised for issue by the Board of Directors on 23 March 2016 and signed on its behalf by:



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



**Olutola Mobolurin**  
Chairman  
FRC/2014/CISN/00000003804



**Titus Oladunni**  
Chief Financial Officer  
FRC/2013/ICAN/00000005552

## Statement of Changes in Equity

For the year ended 31 December 2015

	Share Capital	Share Premium	Accumulated Losses	Total
	N'000	N'000	N'000	N'000
<b>As at 1 January 2014</b>	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>
<b>As at 1 January 2015</b>	333,153	236,260	(134,975)	434,438
Profit for the year	-	-	61,667	61,667
<b>As at 31 December 2015</b>	<b>333,153</b>	<b>236,260</b>	<b>(73,308)</b>	<b>496,105</b>

# Statement of Cash Flows

## For the year ended 31 December 2015

	Notes	31 Dec. 2015	31 Dec. 2014
		N'000	N'000
<b>Operating activities</b>			
Cash used in operations	22	25,404	(128,430)
Tax paid		-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>25,404</b>	<b>(128,430)</b>
<b>Investing activities</b>			
Purchase of FGN government bond	12	(60,852)	-
Purchase of property and equipment	15	(3,492)	(776)
Purchase of intangible assets	14	-	(620)
Interest received	8	51,677	47,383
<b>Net cash (used in)/generated from investing activities</b>		<b>(12,667)</b>	<b>45,987</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>12,736</b>	<b>(82,443)</b>
Cash and cash equivalent at start of year		376,250	458,693
Cash and cash equivalents at end of year		388,986	376,250
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>12,736</b>	<b>(82,443)</b>

# Notes to the Financial Statements

## For the year ended 31 December 2015

### 1 The Company

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

#### Ownership

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

### 2.1 Significant accounting policies

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

### 2.2 Basis of preparation

#### 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 23 March 2016.

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

### 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 the 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**

**a) 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.

**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

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

### ii. Interest income

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

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

For cashflow purposes, cash and cash equivalents include cash in hand, demand deposits and other short time highly liquid investments with original maturity of three months or less including treasury bills with less than three months from original maturity.

### 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 July 2014

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

Number	Effective Date	Executive Summary
IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19	1-Jul-14	The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.
IAS 24 Related Party Disclosures	1-Jul-14	The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

## 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 2015. These standards are set out below:

Number	Effective Date	Executive Summary
Amendment to IAS 19 regarding defined benefit plan.	1-Jan-16	The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied prospectively. These amendments are not expected to be relevant to the company.
Amendment to IAS 16, 'Property, plant and equipment' and IAS38, '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.

Number	Effective Date	Executive Summary
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.
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1-Jan-18	Changes in methods of disposal Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively.

### 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 Dec. 2015	31 Dec. 2014
	N'000	N'000
<b>Financial assets</b>		
Cash and cash equivalents	239,260	147,681
Investment securities	211,318	228,569
Other assets	2,029	3,110
<b>Financial liabilities</b>		
Other liabilities	5,683	4,901

### (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 Dec. 2015	31 Dec. 2014
	N'000	N'000
Treasury bills	149,726	228,569
FGN Bonds	61,592	-
Money market placement	226,183	139,088
Balances with banks	13,037	8,492
Other receivables	2,029	3,110
<b>Total</b>	<b>452,567</b>	<b>379,259</b>

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

### Concentration of risks of financial assets with credit risk exposure

#### (a) Geographical sectors:

The following table breaks down the Company's credit exposure at their carrying amounts as categorised by geographical region as of 31 December 2015 and 31 December 2014.

	Treasury Bills	FGN Bonds	Money Market Placement	Balances with banks	Other Receivables	Total
	N'000	N'000	N'000	N'000	N'000	N'000
<b>At 31 December 2015</b>						
Nigeria	149,726	61,592	226,183	13,037	2,029	452,567
	<b>149,726</b>	<b>61,592</b>	<b>226,183</b>	<b>13,037</b>	<b>2,029</b>	<b>452,567</b>
<b>At 31 December 2014</b>						
Nigeria	228,569	-	139,088	8,492	3,110	379,259
	<b>228,569</b>	<b>-</b>	<b>139,088</b>	<b>8,492</b>	<b>3,110</b>	<b>379,259</b>

#### (b) Industry sector:

The following table breaks down the Company's credit exposure at their carrying amounts as categorised by industry as of 31 December 2015 and 31 December 2014.

	Treasury Bills	FGN Bonds	Money Market Placement	Balances with banks	Other Receivables	Total
	N'000	N'000	N'000	N'000	N'000	N'000
<b>31-Dec-15</b>						
Government	149,726	61,592	-	-	-	211,318
Financial services	-	-	226,183	13,037	0	239,220
Others	-	-	-	-	2,029	2,029
	<b>149,726</b>	<b>61,592</b>	<b>226,183</b>	<b>13,037</b>	<b>2,029</b>	<b>452,567</b>

	Treasury Bills	FGN Bonds	Money Market Placement	Balances with banks	Other Receivables	Total
	N'000	N'000	N'000	N'000	N'000	N'000
<b>31-Dec-14</b>						
Government	228,569	-	-	-	-	228,569
Financial services	-	-	139,088	8,492	0	147,580
Others	-	-	-	-	3,110	3,110
	<b>228,569</b>	<b>-</b>	<b>139,088</b>	<b>8,492</b>	<b>3,110</b>	<b>379,259</b>



### Credit quality of financial assets

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

#### FGN Bonds & Treasury Bills

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Soverign Ratings		
Nigeria (B+) S&P	211,318	228,569
	<b>211,318</b>	<b>228,569</b>

#### Balances with Banks

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
External credit rating (S&P)		
B+	13,037	8,492
	<b>13,037</b>	<b>8,492</b>

#### Money Market Placement

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
External credit rating (S&P)		
B+	80,316	-
B-	-	138,399
Unrated	145,868	689
	<b>226,184</b>	<b>139,088</b>

#### Rating Legend:

External credit rating (S&P)

B: Highly speculative credit rating

B+: Highly speculative credit rating

**(I) Management of credit risk**

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

NASD Plc is not currently involved in granting credit facilities to counterparties and does not hold investment securities of any organisation. Also, NASD Plc does not collect funds directly from brokers for trades executed through its platform, rather all cash settlements for trades executed are managed by Central Securities Clearing Systems 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 2015	Carrying Amount	Gross Total	0-30 Days	30-60 Days	60-90 Days	Over 90 Days
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial Liabilities</b>						
Accounts payable	5,683	5,683	-	-	-	5,683
<b>Liquidity gap</b>	<b>5,683</b>	<b>5,683</b>	-	-	-	<b>5,683</b>

31 December 2014	Carrying Amount	Gross Total	0-30 Days	30-60 Days	60-90 Days	Over 90 Days
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial Liabilities</b>						
Accounts payable	4901	4901	-	-	-	4901
<b>Liquidity gap</b>	<b>4901</b>	<b>4901</b>	-	-	-	<b>4901</b>

### (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 and FGN Bond 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 2015, if interest rates on treasury bills and FGN Bond were increased/(decreased) by 100 basis points with all other variables held constant, the increase/(decrease) in interest income would be NGN4,055,140 (31 December 2014: NGN3,935,719).

### 3 Fair value estimation

#### a. Financial instruments measured at fair value

NASD Plc financial instruments which includes cash and bank balances, loans and receivables, treasury bills and Federal Government of Nigeria bonds are not measured at fair value but carried at amortised cost hence no disclosure is required.

**b. Financial instruments not measured at fair value**

NASD Plc financial instruments which includes cash and bank balances, loans and receivables, treasury bills and Federal Government of Nigeria bonds are measured at amortised cost.

**(l) Cash, bank balances and placements;**

Cash and bank balances represent cash held with other banks of the various jurisdictions in which the Company operates. The fair value of these balances is their carrying amounts.

	Carrying Value	Fair Value
At 31 December 2015 (N'000)	N'000	N'000
Cash and cash equivalents (Note 11)	239,260	239,260
Investment securities (Note 12)	211,318	210,335
Other receivables (Note 13)	2,029	2,029
	<b>452,607</b>	<b>451,624</b>
Accounts payable (Note 17)	5,683	5,683
	<b>5,683</b>	<b>5,683</b>
At 31 December 2014 (N'000)		
Cash and cash equivalents (Note 11)	147,681	147,681
Investment securities (Note 12)	228,569	226,203
Other receivables (Note 13)	3,110	3,110
	<b>379,360</b>	<b>376,995</b>
Accounts payable (Note 17)	4,901	4,901
	<b>4,901</b>	<b>4,901</b>

**Fair value hierarchy for financial assets not measured at fair value**

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3:** Inputs are unobservable inputs for the asset or liability or unobservable inputs for which market data is not available .

Table below shows the carrying value of financial assets not measured at fair value.

At 31 December 2015 (N'000)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents (Note 11)	239,260	-	-	239,260
Investment securities (Note 12)	211,318	-	-	211,318
Other receivables (Note 13)			2,029	2,029
Accounts payable (Note 17)			5,683	5,683
At 31 December 2014 (N'000)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents (Note 11)	147,681			147,681
Investment securities (Note 12)	228,569			228,569
Other receivables (Note 13)			3,110	3,110
Accounts payable (Note 17)			4,901	4,901

Fair valuation methods and assumptions

**(i) Cash and bank balances**

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

**(ii) Investment securities**

The fair value of actively traded bonds and treasury bills are determined with reference to quoted prices (unadjusted)

in an active market. The fair value is determined with reference to Level 1 on the fair value hierarchy.

**(iii) Other receivables**

Prepayment and receivables are carried at amortised cost net of provision for impairment. The estimated fair value of receivables represent the discounted amount of estimated future cash flows expected to be received at current market rates. For the current loans and receivable, the carrying amount are carried at amortised cost net of provision for impairment.

**(iv) Accounts payable**

Sundry creditors represents short term payables to third

parties. The carrying value approximates the value required to settle these liabilities. Hence, the fair values of these balances approximate their carrying amount.

**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.

5. Fees and commission income	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Trading commission	242,782	11,636
Registration fees	16,137	12,420
Other income	444	-
	<b>259,363</b>	<b>24,056</b>

6. Employee benefits and compensation costs	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Salaries and wages	66,964	63,129
Pension cost	4,819	3,930
	71,783	67,059

7. Other operating expenses	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Trading costs	84,989	35,223
Marketing expenses	17,273	6,766
Consultancy fees	1,568	368
Rent	8,541	7,903
Service charge	6,000	6,000
Depreciation (note 15)	6,454	6,280
Amortisation (note 14)	403	403
Annual general meeting expense	1,573	1,186
Directors' allowances	12,750	-
General and administrative expenses	21,827	13,392
Auditor's remuneration	3,500	3,500
	<b>164,878</b>	<b>81,021</b>

No non audit services was provided to the company during the period. (2014: Nil)

8. Interest income	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Treasury bills	31,551	3,540
Money market placements	20,126	43,843
Bonds	740	-
	<b>52,417</b>	<b>47,383</b>

9. Tax	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Deferred tax expense/(income) (Note 16)	12,444	(33,095)
Education tax	1,008	-
	<b>13,452</b>	<b>(33,095)</b>
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	75,119	(76,640)
Non-deductible expenses	7,725	6,683
Tax exempt income	(32,292)	(3,540)
Taxable profit/(loss)	<b>50,552</b>	<b>(73,497)</b>
Education tax	1,008	-
Minimum tax	-	-
Current tax on income for the year	1,008	-
Deferred tax chargeable/(credit) to income statement	12,444	(33,095)
Tax charge/(credit) for the year	<b>13,452</b>	<b>(33,095)</b>
Effective tax rate	18%	43%

The company has a 'Nil' company income tax for 2015 (2014: 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). However, an education tax of ₦1,008,000 is included in the financial statements.

10. Profit/(Loss) per share	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Profit/(Loss) for the year attributable to shareholders (N'000)	61,667	(43,546)
Weighted average number of ordinary shares in issue	333,153	333,153
Basic earnings/(loss) per share (expressed in Kobo per share)	<b>18.51</b>	<b>(13.07)</b>

11. Cash and cash equivalents	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Cash	40	101
Balances with banks	13,037	8,492
Money market placement	226,183	139,088
	<b>239,260</b>	<b>147,681</b>

12. Investment securities	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Bonds	61,592	-
Treasury bills	149,726	228,569
	<b>211,318</b>	<b>228,569</b>
Due within 12 months	<b>149,726</b>	<b>228,569</b>
Due more than 12 months	<b>61,592</b>	-

13. Prepayments and receivables	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Fees	2,413	3,090
Sundry debtors	21	20
Prepaid lease rental of trading platform (note 25)	16,066	6,888
Prepaid rent	4,875	4,791
Prepaid insurance	2,906	100
Other prepaid expenses	721	362
	27,002	15,251
Impairment provision	(405)	-
	26,597	15,251
Due within 12 months	<b>26,597</b>	<b>15,251</b>



14. Intangible assets	Computer Software	Trading Software	Total
	N'000	N'000	N'000
<b>Cost</b>			
<b>As at 1 Jan 2015</b>	370	879	1,249
Addition	-	-	-
As at 31 Dec 2015	370	879	1,249
<b>Accumulated Amortisation</b>			
As at 1 Jan 2015	151	293	444
Charge for the year	110	293	403
As at 31 Dec 2015	261	586	847
Net Book Value as at 31 Dec 2015	109	293	402
<b>Cost</b>			
<b>As at 1 Jan 2014</b>	370	259	629
Addition	-	620	620
As at 31 Dec 2014	370	879	1,249
<b>Accumulated Amortisation</b>			
As at 1 Jan 2014	41	-	41
Charge for the year	110	293	403
As at 31 Dec 2014	151	293	444
Net book value as at 31 Dec 2014	219	586	805

15. Property and equipment	Motor Vehicles	Office Equipment	Furniture & fittings	Computer equipment	Total
	N'000	N'000	N'000	N'000	N'000
Cost					
As at 1 Jan 2015	14,195	298	8,521	3,700	26,714
Addition	2,403	-	215	874	3,492
Disposal	-	-	-	(351)	(351)
As at 31 Dec 2015	16,598	298	8,736	4,223	29,855
Accumulated depreciation					
As at 1 Jan 2015	8,025	142	4,423	2,032	14,622
Charge for the year	3,598	60	1,714	1,082	6,454
<b>Acc. Depr on disposed asset</b>	-	-	-	(241)	(241)
As at 31 Dec 2015	11,623	202	6,137	2,873	20,835
Net book value					
As at 31 Dec 2015	4,975	96	2,599	1,350	<b>9,020</b>
<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
Net book value					
As at 31 Dec 2014	6,170	156	4,098	1,668	12,092

## 16 Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2015: 30%, 2014: 30%).

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
At 1 January	(35,597)	(2,502)
Charge/ (credited) to profit and loss account	12,444	(33,095)
At 31 December	(23,153)	(35,597)

### 16.1 Deferred tax assets

Deferred income tax assets are attributable to the following items:

	31 Dec. 2014	Amount recognised in the income statement	31 Dec. 2015
	N'000		N'000
Property and equipment	(4,520)	-	(6,669)
Unutilised tax losses	(31,077)	12,444	(16,484)
	(35,597)	12,444	(23,153)

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.

17. Accounts payable	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Withholding tax payable	6,954	656
Accrued expenses	3,500	3,501
Other payables	2,183	1,400
	12,637	5,557
Due within 12 months	12,637	5,557

18. Current income tax	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
At start of year	-	-
Payments made during the year	-	-
Charge for the year	1008	-
At end of year	1008	-

19. Share capital	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Authorised:		
Ordinary shares at ₦1 each	500,000	500,000
Issued and fully paid:		
Ordinary shares at ₦1 each	333,153	333,153

20. Accumulated losses	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Balance at beginning of year	(134,975)	(91,429)
Profit/(Loss) for the year	61,667	(43,546)
	(73,308)	(134,975)

## 21 Contingent liabilities

The company had no pending litigation or other contingent liabilities as at 31 December 2015 (31 December 2014: Nil).

22. Cash used in operations	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Profit/(Loss) before income tax	75,119	(76,641)
Adjustments for		
- Depreciation (Note 7)	6,454	6,280
- Amortisation (Note 7)	403	403
- Interest income (Note 8)	(52,417)	(47,383)
- Loss in disposal of fixed asset	110	-
- Impairment provision	405	-
Changes in components of working capital		
- Increase in receivables and prepayments	(11,750)	(6,284)
- Increase/(Decrease) in payables	7,080	(4,805)
Cash used in operations	25,404	(128,430)

### 23 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	2015	2014
			N'000	N'000
<b>Income:</b>				
Registration fees	Shareholding companies	Fees from shareholding companies that are also dealers	1,885	3,255
<b>Assets:</b>				
Chapel Hill Denham Group	Shareholder	Money market placement	801	728

23.1 Key management compensation	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Salaries and other short-term employee benefits	43,500	42,019
Defined contribution	3,373	2,708
	<b>46,873</b>	<b>44,727</b>

Key management comprise of the managing director, chief financial officer and operations manager.

## 24 Directors and employees

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

	2015	2014
Executive director	1	1
Management	2	2
Non-management	9	11
	12	14

	2015	2014
	N'000	N'000
The total employee benefits expense in the year comprise the following:		
Salaries and other short term benefits	66,964	63,129
Post employment benefits	4,819	3,930
	71,783	67,059

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

<del>N</del> 100,000 - <del>N</del> 500,000	-	-
<del>N</del> 500,001 - <del>N</del> 1,000,000	3	5
<del>N</del> 1,000,000 - <del>N</del> 4,000,000	5	6
Over <del>N</del> 4,000,000	4	3
	12	14

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.

## 25 Capital commitments

There were no capital commitments to purchase any asset as at 31st December 2015 (31 December 2014: Nil).

## 26 Operating leases - trading platform

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

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
No later than one year	87,911	78,907
Later than 1 year but no more than 5 years	Nil	74,524
Later than 5 years	Nil	Nil
The movement schedule for the prepaid leased trading platform (note 13) is shown below:		
At 1 January 2015	6,888	4,527
Addition	93,082	36,799
Charge for the year	(83,904)	(34,438)
At 31 December 2015	16,066	6,888

# Value Added Statement

## For the year ended 31 December 2015

	31 Dec. 2015	31 Dec. 2014
	N'000	N'000
Gross income	311,780	71,439
	311,780	71,439
Trading costs	(84,989)	(35,223)
General and administrative expenses	(73,031)	(39,116)
	(158,020)	(74,339)
<b>Value added/(eroded)</b>	<b>153,760</b>	<b>(2,900)</b>
<b>Distribution</b>		
<b>Directors and employees</b>		
Salaries and benefits	71,783	67,059
<b>Government</b>		
Taxes	13,452	(33,095)
<b>Providers of capital</b>		
Profit/(Loss)	61,667	(43,546)
<b>The future</b>		
Asset replacement (depreciation & amortization)	6,858	6,682
	153,760	(2,900)



## Four-Year Financial Summary

For the year ended 31 December 2015

	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012
	N'000	N'000	N'000	N'000
<b>Statement of financial position</b>				
<b>Assets</b>				
Cash and cash equivalents	239,260	147,681	458,655	21,613
Investment securities	211,318	228,569	38	473,748
Prepayments and receivables	26,597	15,251	8,967	4,700
Intangible assets	402	805	588	-
Property and equipment	9,020	12,092	17,596	16,760
Deferred tax asset	23,153	35,597	2,502	-
	<b>509,750</b>	<b>439,995</b>	<b>488,346</b>	<b>516,821</b>
<b>Liabilities</b>				
Accounts payable	12,637	5,557	10,362	5,043
Current income tax	1,008			
	<b>13,645</b>	<b>5,557</b>	<b>10,362</b>	<b>5,043</b>
<b>Equity</b>				
Share capital	333,153	333,153	333,153	333,153
Share premium	236,260	236,260	236,260	236,260
Accumulated losses	(73,308)	(134,975)	(91,429)	(57,635)
	<b>509,750</b>	<b>439,995</b>	<b>488,346</b>	<b>516,821</b>
	<b>12 Months Ended</b>	<b>12 Months Ended</b>	<b>12 Months Ended</b>	<b>12 Months Ended</b>
	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>	<b>31 Dec. 2013</b>	<b>31 Dec. 2012</b>
<b>Profit and loss account</b>				
Gross earnings	311,780	71,439	88,053	66,260
Net operating income	311,780	71,439	88,053	66,260
Employee benefits and compensation cost	(71,783)	(67,059)	(67,071)	(24,219)
Other operating expenses	(164,878)	(81,021)	(57,278)	(77,059)
Profit/(Loss) before tax	75,119	(76,641)	(36,297)	(35,018)
Tax	(13,452)	33,095	2,502	-
Profit/(Loss) for the year	<b>61,667</b>	<b>(43,546)</b>	<b>(33,794)</b>	<b>(35,018)</b>
Basic profit/(loss) per share (kobo)	<b>19</b>	<b>(13)</b>	<b>(10)</b>	<b>(11)</b>

# NASD Securities' Directory

## Consumer Goods

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

### Admitted Securities under Consumer Goods:

#### Food Product



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



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



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



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



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



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

## Consumer Services

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

### Admitted Securities under Consumer Services

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



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

## Insurance



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



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

## Mortgage Finances



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



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



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

## 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 each.

## Special Services



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

## Investment Services



BGL Plc was incorporated in 1993 and admitted to trade on NASD OTC market on 30 September 2013 with security code SDBGLPLC. 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 SDCAPDBETO. The Company engaged in engineering Procurement and Construction (EPC). It has an issued and fully paid capital of 197 million Ordinary Shares of 50 kobo each.

### Industrial Suppliers



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

### Containers & Packaging



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

### 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 SDNDPE. 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 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.

## NASD Registered Participating Institutions

### **BROKER/DEALERS & BROKERS**

		36	Equity Capital Solution Limited
		37	Eurocomm Securities Limited
1	Adonai Stockbrokers Limited	38	FBN Securities Limited
2	African Alliance Stockbrokers Limited	39	FCSL Asset Management Company Limited
3	Afrinvest Securities Ltd	40	Finmal Finance Services Limited
4	Anchoria Investment & Securities Limited	41	Forthright Securities & Investment Limited
5	Apel Asset Limited	42	Fortress Capital Limited
6	APT Securities And Funds Limited	43	FSDH Securities Limited
7	ARM Securities Limited	44	Futureview Securities Limited
8	Arthur Steven Asset Management Limited	45	Global Asset Management Nigeria Limited
9	Associated Asset Managers Limited	46	Golden Securities Limited
10	Bestworth Assets & Trust Limited	47	Greenwich Securities Limited
11	BGL Securities Limited	48	GTI Securities Limited
12	Calyx Securities Limited	49	Harmony Securities Limited
13	Capital Asset Limited	50	ICMG Securities Limited
14	Capital Bancorp Plc	51	Icon Stockbrokers Limited
15	Capital Express Securities Limited	52	Imperial Asset Managers Limited
16	Capital Trust Brokers Limited	53	Independent Securities Limited
17	Cardinal Stone Securities Limited	54	Integrated Trust & Investment Limited
18	Cashcraft Securities Limited	55	Interstate Securities Limited
19	Cashville Investments & Securities Limited	56	Investment One Stockbrokers International Limited
20	Chapel Hill Denham Securities		
21	Chartwell Securities Limited	57	Kedari Securities Limited
22	City-Code Trust & Investment Company Limited	58	Lambeth Trust & Investment Company Limited
23	Cordros Capital Limited	59	Lead Securities & Investment Limited
24	Core Trust & Investment Limited	60	Magnartis Finance & Investment Limited
25	Coronation Securities Limited	61	Mayfield Investments Limited
26	Cowry Securites Limited	62	MBC Securities Limited
27	Crown Capital Limited	63	Mega Equities Limited
28	CSL Stockbrokers Limited	64	Meristem Securities Limited
29	Dominion Trust Limited	65	Milestone Capital Management Limited
30	DSU Brokerage Services Limited	66	Morgan Capital Securities Limited
31	Dunbell Securities Limited	67	Mutual Alliance Investment And Securities Limited
32	Dunn Loren Merrifield Securities Limited		
33	Dynamic Portfolio Limited	68	Network Capital Limited
34	EFCP Limited	69	Newdevco Investments And Securities Company Limited
35	Elixir Securities Limited		





## NASD Plc 2015 Highlights

Registered Broker / Dealers	107
Registered Authorised traders	179
Accredited Issuing Houses	26
Registered Custodians	5
Number of Securities accepted to trade	24
Number of transactions	2,204
Volume traded	1.900 billion
Value of trades	£50.92 billion
No of Investor accounts	6050
Volume dematerialised	16 billion
Private Equity Conference	February 2015

# Our Partners

## Settlement Banks

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## Trading Platforms

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# Notable Events In Pictures



NASD OTC Securities Exchange - Launch Event



NASD OTC Securities Exchange - Launch Event



Central Securities Clearing System Plc at the 1st NASD Analyst and Investors Session



Participating Institutions and Shareholders Forum



NASD OTC Securities Exchange CEO'S Forum



NASD OTC Securities Exchange CEO'S Forum



Trustbond Mortgage Bank Plc at the 2nd NASD Analyst and Investors Session



Pearl Awards Nigeria Visit to NASD Plc

# Proxy Form



I

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 6 May, 2016 and at any adjournment thereof.

As witness my hand this..... day of.....2016

Signed.....

		RESOLUTIONS	FOR	AGAINST
I desire this proxy to be used in favour of/or against the resolution as indicated alongside	1	To re-elect Mr. Chike Nwanze as a director		
	2	To re-elect Mr. Albert Okumagba as a director		
	3	To re-elect Mr. Ariyo Olushekun as a director		
	4	To re-elect Mr. Abubakar Lawal as a director		
	5	To authorise the Directors to fix the remuneration of the Independent Auditors		
	6	To elect Shareholders' Representatives on the Audit Committee		
Please indicate X in the appropriate box to indicate how you wish your votes to be cast on the above resolutions. Unless otherwise instructed the proxy will vote or abstain from voting at his/her direction.				

**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 instruments appointing a proxy should be deposited at the registered office of the Company, 9th Floor, UBA House, 57, Marina, Lagos or the office of the 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 be a member of the Company.

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

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

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

**ADMISSION SLIP  
NASD PLC  
3<sup>RD</sup> ANNUAL GENERAL MEETING**

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS/HER DULY APPOINTED PROXY TO THE 3<sup>RD</sup> ANNUAL GENERAL MEETING THAT WILL BE HELD ON 6 MAY, 2016 AT MEETING ROOM 3, WESTWOOD HOTEL, 22, AWOLOWO ROAD, IKOYI, LAGOS AT 11 A.M

NAME OF SHAREHOLDER ..... SIGNATURE.....  
ADDRESS.....

**Corporate Office**

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

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

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

