

# 2013

ANNUAL REPORTS & ACCOUNTS



NASD PLC

## 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.*

## OUR PHILOSOPHY



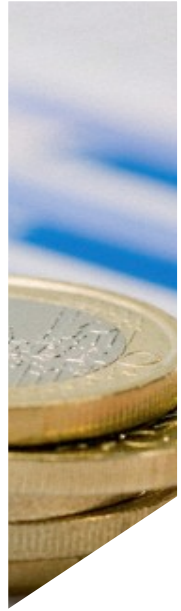
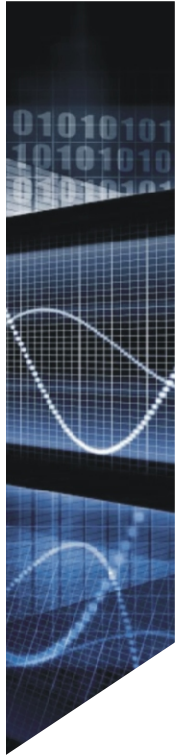
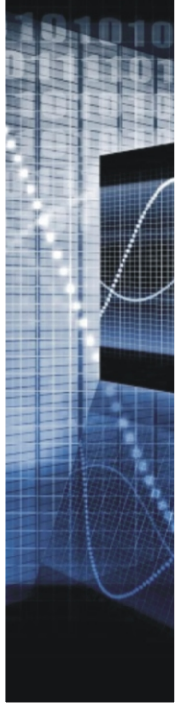
### *Vision*

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

### *Mission*

To fuel economic growth in the West African sub-region by developing and operating active markets that adheres to the highest standards of performance and principles of integrity whilst creating value for our stakeholders and the investing public.





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## Who We Are

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 2013. It was licensed by the Securities and Exchange Commission in December 2012 as the first Over-The-Counter (“OTC”) Market in Nigeria.

NASD is the promoter of a Trading Network that eases secondary market trading of all securities of unlisted public companies primarily in Nigeria but with a focus on the West African region.

Our objective is to bring transparency and order to the OTC market. We intend to stimulate growth by easing the capital raising process and bringing together all stakeholders in capital flows to a common environment where interactions are safe, efficient, transparent and appropriately priced.

Our universe primarily covers the trading of securities in unlisted public companies. We believe that the number of securities that fall into this category will continue to expand.

## Business Operations

NASD uses innovation and technology to meet the needs of stakeholder groups which include the investors, issuers and regulatory authority. The NASD OTC market facilitates transactions through two independent trading platforms which can be accessed by only registered Participating Institutions. The first is a web based proprietary platform called NASD BITS (Bi-lateral Inter-dealer Trading Systems) and the second is leased capacity on the trading platform recently acquired by the Nigerian Stock Exchange from NASDAQ OMX.



## Corporate Information

<b>Board of Directors</b>	Mr. Olutola Mobolurin Mr. Bola Ajomale Mr. Chike Nwanze Mr. Oladipo Aina Mr. Abubakar Lawal Mr. Victor Ogiemwonyi Mr. Albert Okumagba Mr. Ariyo Olushekun Mr. Bolaji Balogun Mr. Kayode Falowo Mr. Jibola Odedina Mr. Ade Bajomo Mr. Samuel Nwanze	(Chairman) (MD/CEO)
<b>Registered Office</b>	9th Floor, UBA House 57 Marina Lagos, Nigeria	
<b>Email</b>	<a href="mailto:info@nasdng.com">info@nasdng.com</a>	
<b>Website</b>	<a href="http://www.nasdng.com">www.nasdng.com</a>	
<b>Bankers</b>	United Bank for Africa Plc. First Bank of Nigeria Plc	
<b>Independent Auditor</b>	PricewaterhouseCoopers 252E Muri Okunola Victoria Island Lagos, Nigeria +234 1 271 1700	
<b>Company Secretary</b>	Stella Mujakperuo	





## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of members of NASD Plc will be held at the Auditorium, GTI Capital Limited, 4 Tinubu Street, Central Business District, Lagos on Thursday, 26th day of June, 2014 at 11am to transact the following;

### ORDINARY BUSINESS

1. To receive the Financial Statements for the year ended 31st day of December, 2013 together with the Directors and Auditors report thereon.
2. To Re-elect Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect members of the Audit Committee.

### NOTES:

#### a) Proxy:

A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

A proxy form is attached to the Notice and it is valid for the purpose of the general meeting. All proxy forms should be duly stamped at the Stamp Duties Office in accordance with the Stamp Duties Act (Cap. S8 Laws of the Federation of Nigeria 2004) and deposited with the Company Secretary at UBA House (9<sup>th</sup> floor), 57 Marina Lagos not later than 48 hours prior to the time of the meeting.

#### b) Audit Committee Members:

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

**Dated this 21<sup>st</sup> day of May, 2014**

BY THE ORDER OF THE BOARD

**Stella Mujakperuo**  
Company Secretary  
NASD Plc  
9th floor, UBA House  
57 Marina, Lagos





NASD



## Statement from the Chairman



### OLUTOLA MOBOLURIN

Chairman

*“Distinguished Shareholders, my fellow Directors and invited guests, it is my pleasure to welcome you to the 2014 Annual General Meeting of NASD Plc and to present to you the Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2013.*

*This past year was significant as it marked the launch of operations of the NASD Over-The-Counter (OTC) market following the grant of our license in December 2012. It has been challenging and indeed exciting to see the initiatives of a sub-committee of the Securities and Exchange Commission actualize into the first OTC market in Nigeria.*

*I wish to thank you all for your cooperation and patience with the Board and Management of the Company during the financial year. I must thank especially all those who through the years bore the frustrations of the long struggle to create this OTC Market ”*

#### **Global Outlook**

As the Eurozone limped out of recession and other developed economies struggled, there has been a dramatic shift of the global economic prospects in favour of emerging markets. While by the end of the year, global economic prospects began to improve, the road to recovery for the developed economies remained remarkably slow. On the other hand, growth prospects are very strong in many of the emerging economies. They currently provide the bright spots for global economic growth.

#### **Nigerian Environment**

The Nigerian political terrain remains fragile as insecurity threatens the continued growth of the economy. The increased wave of bombings and violence brought on by the insurgency in the North Eastern part of Nigeria leading to the declaration of state of emergency in three states provide areas of concern for the future growth of the economy. While these threats have had marked impact on the level of activity and investment in the affected region, it is clear that a widening of the crisis-affected area or escalation of the level of violence and insecurity being witnessed will impact on general investor interest in Nigeria.

This waning interest, is however directly countered by the positive developments arising from the recent rebasing of the economy. Nigeria, now being the largest economy in Africa with a revised GDP of about \$510 billion has alerted international investors to the opportunities available to them. This shows that other sectors are indeed thriving and there is a sharp decline in the nation's dependence on oil and gas. We therefore expect to see a flow of Foreign Direct Investment in the coming months.

#### **Monetary Policy**

In 2013, the Central Bank of Nigeria maintained a tight monetary policy as evidenced by the Monetary Policy Rate being set at 12% per annum and a conservative cash reserve policy. The Bank also attempted to defend the Naira but under pressure from depleting reserves, the Naira ended at ₦165 to a dollar, the weakest exchange rate since 2011.

#### **Capital Market Review**

The Capital Market recorded significant milestones with the launch of two Over-The-Counter markets. Changes in the regulatory framework continued and the Commission continued its campaign to restore investors' confidence. The All-Share Index (ASI) increased by 47% percent. The improved earnings contributed to the rise in stock prices.





### **Business Environment**

While the official launch of the NASD OTC market was a major milestone in the development of the Capital Market, the company faced huge resistance from licensed and unlicensed operators who for over 50 years have operated a shadowy OTC market without let, hindrance and regulation. Off market transactions continued to thrive in the absence of regulation for securities of unlisted public companies.

The first half of the year was spent creating awareness and developing a framework for the OTC market. Interests and enquiries from foreign institutions and custodians highlighted the potential of the OTC market. Between August and December 2013 when the OTC market became operational, participation was low and the level of transactions effected was minimal. This is to be expected in a new venture.

With the entrance of international players in the Nigerian Capital market and the possibility of cross border transactions, NASD has positioned itself to accommodate a variety of non-traditional investment products and capture transactions that had hitherto been conducted under the radar of the regulators.

### **Future Outlook**

With increased awareness of the OTC market and new regulatory reforms, we are optimistic that NASD will achieve its objectives. We continue to be relentless in our pursuit of becoming a world class OTC market that delivers value to all its stakeholders. We are very hopeful that in the course of 2014, sanitisation of the OTC business and regulatory environment will usher in a much saner environment in which NASD will be able to play its proper role: provision of a transparent market in which investors can trade unlisted securities without fear of being defrauded or taken advantage of.

In the long term, we remain very positive about the opportunities to grow the OTC market and we are positioned to capitalize on the ongoing economic reforms by providing an efficient and transparent platform to support this growth.

### **Conclusion**

Ladies and Gentlemen, on behalf of the Board, I would like to appreciate the Management and Staff for their hard work and commitment in ensuring our Company meets its strategic objectives in spite of the challenging business environment.

I would also like to commend my colleagues on the Board for their co-operation, dedication and commitment and I must add, with no remuneration whatsoever. Such is their dedication.

Finally, to my fellow shareholders who shared the vision of NASD, thank you for support and understanding. We look forward to your continued support in 2014.

Thank you.

**Olutola Mobolurin**

**Chairman, Board of Directors  
NASD Plc  
June 2014**



**CEO**



## Statement from the Chief Executive Officer



### **BOLA AJOMALE**

Managing Director/CEO

*“NASD successfully started the formal OTC market in Nigeria. Our focus is to bring transparency and liquidity to the secondary market for unlisted securities in Nigeria. As we continue to grow this crucial market, our focus at the end of our first year remains consistent: build structures, develop relationships, provide information and expand boundaries.*

*We have made good progress in setting the foundation of a new market and articulating a strategy that will sustain growth. We developed relationships with key stakeholders in the investment industry, acquired technology that can support a modern OTC market and selected a crop of excellent dedicated professionals who can administer the process. These critical inputs will form the bedrock on which our strategy will yield returns to all stakeholders”.*

#### **Dear Shareholders,**

I welcome you to the first Annual General Meeting of NASD Plc. Our major achievement for the year ended 31 December 2013 was that the market officially opened on the 1<sup>st</sup> of July, 2013. It is indeed heartening to note that Participating Institutions were quick to spot the potential of a transparent OTC market and signed up to join this revolution. Events of 2013 have confirmed that we are indeed stepping in the right direction to achieve our vision which is to be the hub of first call for capital formation in West Africa.

#### **Macro Economy**

For the second consecutive year, equity markets worldwide experienced relatively good performance. Indeed, the global market capitalization of WFE members increased by 17% (against 15% in 2012). Investment flows activity also recovered as the outlook for most emerging economies remained relatively strong throughout the year. This is in spite of downward revisions to the global economic outlook and continued fiscal tension in developed countries. Europe furthered its austerity programmes to improve public sector finances, while emerging markets became a more attractive option for investment funds. Investors and other world indexes have indicated some cautious optimism in Nigeria and commenced coverage of our economy.

These financial industry reforms and the growing domestic consumption in Nigeria resulted in increased trade volumes. We anticipate that following the trend of other regulated markets in Nigeria, NASD stands in good position to continually increase both capitalisation and trade volumes. It is in this context that we launched the NASD OTC market in July 2013.

#### **Regulatory environment**

In December 2012, NASD was granted a license to perform the function of an OTC market by the Securities and Exchange Commission [“SEC”]. By June 2013, SEC approved the rules guiding the activities on the Market and endorsed the company to open its doors to the public. In opening the Market, NASD noted that while listed security trading is covered by robust regulation, very little was in place to guide trades in unlisted securities. Two gaps were observed as being most critical to the development of the Market:

Firstly, some public companies had over time avoided registration of its securities, thus making them ineligible to trade on the OTC Market.

Secondly, un-authorised persons were acting in the capacity of stockbrokers exposing investors to significant counter party risk and eroding confidence in market operations.





To address these issues, SEC initiated the process of expanding the existing market rules to accommodate OTC activity. SEC recently issued a circular reminding all public companies of their responsibility to register their securities and issued a deadline for compliance with this directive.

Secondly, SEC has proposed to restrict all trading in public securities (both listed and unlisted) to one of the four SEC registered trading platforms. A third reform in process by SEC requires all Registrars and depositaries to file details of all share transfers indicating price, volume and market on which the transaction was concluded.

We, at NASD applaud these reforms and expect that it will create an enabling environment for a more vibrant and transparent secondary market. We believe that the passing of these amendments in the first half of 2014 will play a major role in the development of the OTC market in Nigeria.

#### **Technology**

NASD intends to ultimately offer OTC trading opportunities to the whole West African sub-region. This can only be achieved with the assistance of robust and reliable technology and easy access platforms. NASD therefore decided to use two trading platforms to reach its market.

The first trading platform **Bilateral Inter-dealer Trading System (BITS®)** is a proprietary platform developed by NASD. This platform is purely internet based and offers a clouded market with access not being restricted by geographical location. The platform was coupled to the Central Securities Clearing System Plc ("CSCS") and deployed in August 2013. All Participating Institutions who had registered with NASD completed their induction and were trained to use the platform.

NASD also signed a lease agreement with ("The Exchange") The Nigerian Stock Exchange in March 2013 to share capacity on the X-Gen platform. The Exchange in turn, had acquired this product from NASDAQ OMX in the United States. We believe that sharing technology at the early stage of our development will greatly shorten on-boarding time for Participating Institutions and significantly reduce platform development overheads. The X-Gen platform therefore immediately provides NASD access to state of the art technology on which to

drive market activity. We expect to migrate equity trading activity from BITS to X-Gen by the first quarter of 2014.

#### **Development of market structure**

In the six month period from July to December 2013, our primary activity was to develop deal flow structures and seal relationships with the various players in the market. We collaborated with and signed on the following partners who form the basic structure of the Market.

#### **Clearing House**

In May 2013, NASD signed an agreement with CSCS to provide clearing and settlement services for the Market. This partnership will ensure that transactions do not fail due to non-delivery or non-payment. CSCS will also obtain International Securities Identification Numbers ["ISIN"] for every security traded on the Market.

#### **Settlement Banks**

In June 2013, NASD appointed six banks to provide settlement services exclusively to the Market. Every firm operating in this Market is required to select any one of these banks to carry out this critical function.

The six banks are:

- Access Bank Plc
- First Bank of Nigeria
- GTBank Plc
- Stanbic IBTC Plc
- Sterling Bank Plc
- United Bank for Africa Plc

We welcome these banks aboard and look forward to increased activity in the Market in 2014.

#### **Participating Institutions and Authorised Traders**

As at December 2013, forty-nine (49) stockbroking firms had registered as Participating Institutions on the Market. A full list of the registered Participating Institutions is in the appendix of this report. These firms recognise the potential of an organised OTC market and have worked closely with management to set market rules and conventions. Eighty-two (82) individuals representing the Participating Institutions have undergone induction and training to trade on the BITS platform. We appreciate their effort and contribution in developing the OTC market.



### Staff

NASD has been conservative in its recruitment of professional and support staff. Backgrounds of the staff range from Information Technology, Legal, Finance and Research. We thank them for their dedication and hard work over this period.

### Admitted Securities

On commencement of market operations, NASD adopted Industry Classification Benchmarks to capture all economic activity and make comparisons easier for both investors and analysts. 10 classifications were defined. By the end of December 2013, 5 of those categories were populated with securities. They include: Consumer Goods and Services, Financials, Industrials, Oil & Gas and Technology. We expect that activity in other categories will open up in 2014.

As at December 2013, the securities of 10 different companies had been introduced and admitted to trade on OTC Market, they include:

ISSUER	DATE ADMITTED	INTRODUCED BY	SHARE CAPITAL (mm's)
Food Concept Plc	15-Jul-13	Stanbic IBTC Stockbrokers Limited	5,278
Friesland Campina			
Wamco Nigeria Plc	15-Jul-13	Capital Bancorp Plc	976
Industrial and General			
Insurance (IGI) Plc	19-Jul-13	Greenwich Securities Limited	7,115
Niger Delta Exploration & Production Plc Limited	01-Aug-13	FCSL Asset Management Company	145
Consolidated Breweries Plc	16-Aug-13	BGL Securities Limited	495
Geo-Fluids Plc	20-Aug-13	Icon Stockbrokers Limited	4,257
BGL Plc	30-Sep-13	Nigerian International Securities Limited	12,000
Swap Technologies and Telecomms Plc	30-Sep-13	Signet Investment and Securities Limited	2,706
Jaiz Bank Plc	08-Nov-13	APT Securities & Fund Limited	4,014
Resourcery Plc	25-Nov-13	APT Securities & Fund Limited	2,576

We appreciate the efforts of the Participating Institutions who were active in introducing securities to trade on the new OTC market.

Within 6 months of the Market opening, NASD recorded 30 trades valued at ₦70,691,645:00. This contrasts sharply with the 5 month performance of the market in 2014 where we have recorded 145 deals at a value in excess of ₦500 million. We believe the Market will continue to grow in 2014 as awareness increases and regulatory reforms come into force.

### Outlook for 2014

For the year 2014, we believe that investor demand, regulatory reforms and evolving market conditions will continue to shape our business and allow us explore and create new opportunities.



Our migration of equity trading to the X-Gen platform in February 2014 gave Participating Institutions the opportunity to trade both listed and unlisted securities simultaneously thereby broadening their scope of service offering to clients. It also ensures seamless transition from one market to the next. Our investment in the BITS platform is also expected to yield further results as new asset classes can be developed and loaded on the Market quickly - providing access from outside the physical confines of Nigeria. It will also provide disaster recovery capacity to NASD operations. NASD is also in discussion with a vendor to disseminate market data to smart phones and other mobile apparatus.

As our market continues to grow in complexity and across asset classes, we expect regulation to keep pace with the requirements of each new opportunity. We shall therefore continue to work with regulators and other stakeholders in supporting policies that will help innovative, high growth companies of tomorrow to thrive.

As technology and innovation provide the main fuel by which the OTC market in Nigeria will grow, we shall continue to invest in new and innovative technologies and platforms that allow us to efficiently serve our clients and deliver returns to our shareholders. We shall also continue to invest in human resources and engage all stakeholders to ensure we deliver on our promise of creating liquidity transparently.

**Bola Ajomale**  
Managing Director/CEO  
June 2014



# **Board of Directors**





## Board of Directors



### OLUTOLA MOBOLURIN

Chairman

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

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

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

He has in the past served as the Chairman, Bonds Sub-Committee of the Securities and Exchange Commission's Capital Markets Committee and was the President of the Chartered Institute of Stockbrokers from 2001 to 2003. He also served as an assessor/part-time member of the Investment and Securities Tribunal, from 2003 - 2006.

He has over 30 years' experience of varied exposure and experience in the financial services industry and have been involved in pioneering many financing structures in the Nigerian Financial Market, including the first floating rate Capital Market issue of Preference Shares and bonds as well as the first syndicated Equipment Lease Transaction.



### CHIKE NWANZE

Vice Chairman

Chike Nwanze is the Vice Chairman/CEO, ICON Stockbrokers Limited. He holds a Bachelor's degree in Business Administration and an MBA in Financial Management. He has had diverse work experience in the oil and gas, banking, and stockbroking 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 joined ICON Limited (Merchant Bankers) as a General Manager.

He has attended in various workshops, seminars and executive programs, among which are the Economic Development Institute of the World Bank; Industrial projects course and the Amos Tuck School of Business Administration, USA.

He is a Fellow of the Institute of Directors (IoD), the Economic Development Institute and the Chartered Institute of Stockbrokers.

He is the Chairman of the NASD Disciplinary committee.



### OLADIPO AINA

Director

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

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

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

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

He is the chairman of the NASD Market Development committee.



### **VICTOR OGIEMWONYI**

Director

Victor Ogiemwonyi is the Chief Executive Officer of Partnership Investment Company Plc.

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

He earned a BBA in Accounting and an MBA in 1981 from Texas Southern University. An alumnus of LBS Chief Executive programme, he has attended several courses both locally and abroad, including INSEAD and the New York Institute of Finance.

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

He is a Fellow and served as council member of the Chartered Institute of Stockbrokers (CIS). He is a member of the Capital Market Committee and Administrative Proceedings Committee (APC) of the Securities and Exchange Commission (SEC).

Mr. Ogiemwonyi, a widely read columnist, is presently a National council member of the Nigerian Stock Exchange.

He is the chairman of the NASD Technical committee.



### **MOBOLAJI BALOGUN**

Director

Mobolaji Balogun is CEO of Chapel Hill Denham.

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

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

He was pioneer Chief Business Development and Strategy Officer and in October 2001, was appointed Chief Marketing Officer. He left the business and mobile telecommunications and returned to investment banking in 2005.

'Bolaji is a Director of Lafarge Cement WAPCO Plc and NAHCO Aviance Plc, both listed on The Nigerian Stock Exchange. He is also a Director of Trustfund Pensions Plc, and was appointed to the Johannesburg Stock Exchange, Africa Advisory Committee in September 2009. He became Chairman of the investment banking trade group, the Association of Issuing Houses of Nigeria in 2010.

He is an Economics graduate of the London School of Economics.



### **ALBERT OKUMAGBA**

Director

Albert 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 establishing 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 stockbroking affiliate, Centre-Point Investment Limited.

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 also an alumnus of the Lagos Business School Chief Executives Programme (CEP).

He is currently the President of the Chartered Institute of Stockbrokers and has served on various committees. He was a member of the Presidential Committee of "Public Private Partnership (PPP)" for 104 Unity Schools in Nigeria, was appointed 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 2006.



### **KAYODE FALOWO**

Director

Kayode Falowo is the Managing Director/Chief Executive Officer of Greenwich Trust Limited.

He is a Chartered Stockbroker with over 25 years experience and practice in Finance, Commercial and Investment Banking. He holds a B.Sc. (Hons) in Agricultural Engineering from the University of Ife (now Obafem Awolowo University), an MBA from the University of Benin and a Diploma in Information Management.

He has attended numerous workshops and seminars, which include the Chief Executive Programme at the Lagos Business School and Financial Analysis Training at the IESE Business School, Barcelona, Spain. He is a distinguished Fellow of the Chartered Institute of Stockbrokers and Association of Investment Advisers and Portfolio Managers, Vice President of the Nigerian-British Chamber of Commerce and Council Member of the Nigerian-Malaysian Chamber of Commerce & Industry.

He has in recent past, served as the Chairman, Association of Issuing Houses of Nigeria (AIHN) and Rules and Regulations Committee of The Nigerian Stock Exchange.

He is the chairman of the NASD Rules & Membership committee.



### **ARIYO OLUSHEKUN**

Director

Ariyo Olushekun is the Vice Chairman/Chief Executive Officer of Capital Assets Limited and the immediate past President of the Chartered Institute of Stockbrokers.

He has about 24 years' experience of active participation in various aspects of Investment Banking, 11 out of which were spent at Centre-Point Bank Plc.

He left Centre-Point in 1998 to establish and manage Capital Assets Limited. He has packaged several financing arrangements for corporate bodies and governments at Federal, state and local levels. In conjunction with others, he facilitated the establishment of the Nigerian chapter of the Investment Club Network (TICN), a worldwide organization with representation in 25 countries. He was also a Director of NSE Consult Limited, a subsidiary of The Nigerian Stock Exchange.

He serves on several committees of the Securities & Exchange Commission, The Nigerian Stock Exchange and Institute of Chartered Accountants of Nigeria.

He holds an MBA (Marketing) from the University of Lagos and a HND (Upper Credit) in Accountancy from Yaba College of Technology.

He is the chairman of the NASD Finance and General Purposes committee.



### **ABUBAKAR LAWAL**

Director

Abubakar Lawal is the Managing Director and Chief Executive Officer of GTI Capital Limited. His wealth of experience in Stock broking and Investment banking business spans over 20 years having worked for various companies including City Code Trust Limited and Altrade 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 in the capital markets. Mr. Lawal is a Fellow of the Chartered Institute of Stockbrokers and is a retired Council member of The Nigerian Stock Exchange.

He is a graduate of Banking and Finance from The Polytechnic, Ibadan and holds a Master's degree in Business Administration from Abubakar Tafawa Balewa University in Bauchi. 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 and is an active member of the Institute of Directors (IoD).





### **JIBOLA ODEDINA**

Director

Jibola Odedina is the Chief Executive Officer of Marina Securities Limited. He has over 22 years of experience in principal investments, securities trading, portfolio management, and property development. He holds a Bachelor's degree in Business Administration & Finance and a degree in Economics both from the University of Texas, USA

Prior to joining Marina Securities Limited, he worked in the Quotations and Listing department at The Nigerian Stock Exchange also and as an Investment Analyst at AVC Funds Limited (an affiliated investment company of All States Trust Bank Limited). In August 1994, he was appointed Executive Director of Ouddy Nominees Limited and set out to establish the commercial operations of the company.

He was an integral member of the team of financial advisers who worked on the consolidation of several Nigerian banks and recapitalization of Marina International Bank Limited (former owner of Marina Securities Limited) in April 2005.

He was the President and member of the Zeta Mu Chapter of the International Business Fraternity of Delta Sigma Pi, USA and has served as member of the National Committees of the Securities and Exchange Commission and The Nigerian Stock Exchange.



### **ADE BAJOMO**

Director

Adeolu Bajomo is the Executive Director, Market Operations and Technology of The Nigerian Stock Exchange ("NSE or The Exchange").

He joined the NSE to lead the operational and technology transformation of The Exchange.

With over 23 years of experience and a solid track record in the global financial services sector spanning banking, capital market, asset management and insurance, Mr. Bajomo has led major transformation and service improvement programmes, participated in business growth initiatives and technology and operations integration of acquired entities in the sector.

Prior to joining The Exchange, he worked at Barclays Bank Plc as the Head of Re-platforming Programmes for Africa and Indian Ocean region, driving significant technology and business operations changes in the regions.

He has held several leadership positions in the financial services sector, including Technology Director at Fortis Bank UK, Head of IT Systems and Strategy at Pearl Insurance UK and management roles at Deutsche Bank and Morgan Grenfell Asset Management.

He holds a Bachelor's degree in Civil Engineering, an M.Sc in Information Systems Engineering and an MBA all from the City Business School, London, United Kingdom.





**SAMUEL NWANZE**

Director

Samuel Nwanze is the Chief Executive Officer at HH Capital and Chief Investment Officer of the Heirs Holdings Group.

Prior to joining Heirs Holdings, Samuel served as Group Treasurer with Bank PHB Plc where he was responsible for the overall management of Treasury operations for the Bank group (including five banks and several non-bank subsidiaries).

He also worked at Platinum Bank where he served as Financial Controller before joining Standard Trust Bank (STB). At STB, he served as head of Performance Management and worked jointly as a member of the Assets & Liabilities Management Committee, and as part of the core team responsible for the STB-UBA merger.

Samuel has also worked on a number of projects and start-ups which span Nigeria's first credit bureau, an Insurance company, group shared services model, and the acquisition and set-up of various banks in Africa, as well as other projects in the US, UK and India.

In addition to graduating best in his class with a Masters in Finance and Management from Cranfield School of Management in London, Mr. Nwanze's other key distinctions include the prestigious annual award, bestowed by the Association of Corporate Treasurers (ACT) of the United Kingdom.



**BOLA AJOMALE**

Managing Director/CEO

Bola Ajomale is the pioneer Managing Director/Chief Executive Officer of NASD Plc. He is a highly versatile investment and financial adviser with over 20 years' experience in the finance industry both locally and internationally. He holds a B.A in Economics from the University of Leeds, United Kingdom. He is an Associate of the Chartered Institute of Stockbrokers and a Member of the Institute of Chartered Accountants of Nigeria.

Bola's career started as an accountant in Ernst & Young and as a stockbroker in City Securities Limited where he headed Stockbroking operations. He later worked as a Senior Business Consultant at Augusto & Co before joining MBC International Bank as Head, Corporate finance and Syndications. While in this role, Bola led the bank syndication that financed the construction of the Abuja National Stadium and also oversaw the sale of FGN interest in WAPCO plc.

Internationally, Bola has worked on various investment advisory projects at Manulife Financial and the Canada Pension Plan Investment Board both in Canada.



# Corporate Governance Review





## Corporate Governance Review

*This Report is intended to give shareholders an understanding of the Company's corporate governance arrangement and how they operated during the year ended 31<sup>st</sup> December 2013.*

*The Board's focus in 2013 was to develop a robust OTC Market framework, build strategic relationships, register market participants and commence trading of unlisted securities on its trading platform.*

*Deep consideration and effort in achieving the above objectives is reflected in the number of board meetings, committee meetings and board strategic session held during the year, often on short notice. The Board is mindful of its responsibility to the Capital Market and therefore focused its resources on objectives that will enhance the NASD OTC market and deliver value to its shareholders.*

### **Best Practices**

NASD Plc is committed to high standards of corporate governance and business integrity in all its activities. Following the grant of its license by the Securities and Exchange Commission ("SEC" or "the Commission") and its subsequent conversion to a Public Limited Company in 2013, NASD has continued to adhere to the Code of Best Practices on Corporate Governance in Nigeria as adopted by the Commission ("SEC Code").

The Company has adopted a combined Code of Ethics comprising of a Corporate Governance manual, Code of Professional Conduct, Staff suitability and Annual declarations. This document provides guidance on a range of business practices and ethical standards such as compliance with laws and regulations, conflict of interest, Company funds and property, privacy and confidentiality of Company records and employee relations. This Code has been endorsed by the Board.

### **Board Structure**

The Board comprise of 13 Directors:

- 12 (Twelve) Non-Executive Directors, and
- 1 (One) Executive Director.

The Board is composed of individuals who have distinguished themselves in their respective enterprises and are well versed in board matters. There is a strong non-executive element on the Board and they bring a wealth of experience and strategic direction to the business. All Non-Executive Directors are independent in character and judgment. They have never been employees of the Company nor do they participate in the pension scheme.

### **Role of the Chairman and Chief Executive**

The roles of the Chairman and the Chief Executive are separate, distinct and clearly defined in the Corporate Governance manual. The Chairman, Mr. Olutola Mobolurin is a Non-Executive Director whose role includes steering the leadership of the Company on a clear path to achieve its strategic objectives. The Board's primary responsibility is to oversee the effective performance of the Company in order to enhance shareholder's value. It also has the responsibility for ensuring that the highest standards of Corporate Governance are maintained and adhered to.

The Chief Executive, Mr. Bola Ajomale is responsible for the smooth running of the Company and is accountable to the Board for the development and implementation of strategy and policies.



### Board and Committee meetings

The Board held 5 (five) meetings and 1 (one) strategic session in the year ended 31 December 2013. Record of attendance\* is as follows:

\*Includes attendance by approved Alternate Directors representing the organizations

	Board meetings	Strategic Session	Total
<b>Number of meetings</b>	<b>5</b>	<b>1</b>	<b>6</b>
- Olutola Mobolurin	5/5	1/1	6/6
- Chike Nwanze	3/5	1/1	4/6
- Oladipo Aina	5/5	1/1	6/6
- Ariyo Olushekun	4/5	1/1	5/6
- Victor Ogiemwonyi	4/5	1/1	5/6
- Albert Okumagba	3/5	1/1	4/6
- Abubakar Lawal	4/5	1/1	5/6
- Kayode Falowo	3/5	1/1	4/6
- Bolaji Balogun	2/5	1/1	3/6
- Jibola Odedina	2/5	1/1	3/6
- Ade Bajomo	2/5	1/1	3/6
- Samuel Nwanze	5/5	1/1	6/6
- Bola Ajomale	5/5	1/1	6/6

### Board Committees

The Board have established 5 (five) Committees to assist in carrying out its overall responsibilities. Its membership comprise of a mix of Directors, shareholders and interested parties from the stockbroking community. All Committees have written Terms of Reference showing its purpose and composition. The Terms of Reference are annexed as schedules to the Company's Corporate Governance manual.

The Board Committees include:

- Rules & Membership
- Finance & General Purposes
- Market Development
- Technical
- Disciplinary

### Rules & Membership Committee

The Rules & Membership committee 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 Committee meets every quarter or on an ad-hoc basis whenever firms seeking registration with NASD have fulfilled all the necessary requirements.

Recently, in a bid to include diversity of opinion and more independence, the chairman invited some individuals who are not shareholders to join Committee. The Rules & Membership committee met 5 (five) times in 2013 and is chaired by Mr. Kayode Falowo.

### Finance & General Purpose Committee

The Finance & General Purpose committee 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 authorized to determine on behalf of the Board, matters relating to staffing, finance, financial procedures and any other matter the Board may determine.

The Committee meets on an adhoc basis as the need arises. The Finance & General Purposes committee met 5 (five) times in 2013 and is chaired by Mr. Ariyo Olushekun.

### The Market Development Committee

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





The Committee meets on an adhoc basis as the need arises. The Market Development committee met 8 (eight) times in 2013 and is chaired by Mr. Oladipo Aina.

#### **Technical Committee**

The Technical committee assists the Board in its responsibility to choose a reliable trading platform, assess the viability and integrity of the trading network, product development and improving IT strategy.

The Technical committee met 4 (four) times in 2013 and is chaired by Mr. Victor Ogiemwonyi.

#### **Disciplinary Committee**

The Disciplinary Committee was set up to investigate any allegation and adjudicate all disputes between Participating Institutions and their customers and for the violation of the NASD OTC Rules.

The Committee meets as the need arises. The Disciplinary committee is chaired by Mr. Chike Nwanze.

#### **Statutory Audit Committee**

Following the transformation from a private company to a Public Limited Company, NASD attained substantial compliance with the SEC Code. In compliance with the Companies and Allied Matters Act 2004, the Company will at this Annual General Meeting constitute the Statutory Audit Committee to carry out the duties as prescribed by the SEC Code.

#### **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. It also has a newsletter that disseminate information on the market and a dedicated information desk where email enquires are responded to within 24 hours. The Annual General Meeting gives the shareholders an opportunity to communicate and interact with members of the Board.

#### **Whistle Blowing Policy**

The Company has established a Whistle Blowing policy which provides a secure channel of

communication for all employees and stakeholders to report issues of a sensitive nature or wrongdoing to the Board and management of NASD while maintaining the confidentiality of the whistle blower.

The Company has a dedicated phone number and email address through which such complaints can be received. These are:

Phone number: 01-4605008

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



## Directors' Report

...Growth is never by mere chance; it is the result of forces working together.  
J C Penney





# Directors' Report

For the year ended 31 December 2013

*“The directors present their report together with the audited financial statements for the year ended 31 December 2013.”*

## Legal Form and Principal Activity

The company was incorporated as a private limited liability company on 1 June 1998 under the Companies and Allied Matters Act, 1990 and became a public limited liability company on 5 April, 2013. It was licensed to perform the function of an Over-The-Counter Market by the Securities Exchange Commission on the 21 December 2012.

## Operating Results

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

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
Loss before tax	(36,296)	(35,018)
Tax	-	-
Loss after tax	(36,296)	(35,018)
Loss per share (Kobo)	(10.14)	(10.51)

The directors do not recommend the payment of a dividend.

## Directors and their Interests

The directors who served during the year were as follows:

Name	Designation	Interest Ordinary shares of N1 each	
		Direct	Indirect
Mr. Olutola Mobolurin	Chairman	-	15,249,994
Mr. Bola Ajomale	Managing Director	-	-
Mr. Abubakar Lawal	Non- Executive	-	22,857,143
Mr. Ade Bajomo	Non- Executive	-	22,857,143
Mr. Albert Okumagba	Non- Executive	-	29,047,619
Mr. Ariyo Olushekun	Non- Executive	-	16,500,000
Mr. Bolaji Balogun	Non- Executive	-	17,250,004
Mr. Chike Nwanze	Non- Executive	-	2,083,330
Mr. Jibola Odedina	Non- Executive	-	16,500,000
Mr. Kayode Falowo	Non- Executive	-	17,083,330
Mr. Oladipo Aina	Non- Executive	-	4,083,330
Mr. Samuel Nwanze	Non- Executive	-	28,570,000
Mr. Victor Ogiemwonyi	Non- Executive	-	17,178,566

Mr. Ade Bajomo represents NSE Consult Limited on the Board of NASD Plc. NSE Consult Limited is a shareholder of NASD and a subsidiary of the Nigerian Stock Exchange. The Nigerian Stock Exchange is the provider of one of the trading platforms used to run the NASD OTC Market.

In accordance with the provisions of the Section 250 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, all the Directors are obliged to retire from office. The Directors being eligible have offered 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 73 years in 2013.



## Shareholding

According to the register of members as at 31 December 2013, the spread of shareholding in the company was as follows:

Number of holding	Number of shareholders	Number of shares held	Percentage
1-100,000	-	-	-
100,001 - 500,000	12	4,999,992	2%
500,001 - 1,000,000	-	-	-
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%

## 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, transportation, etc.

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

## Employee Training and Involvement

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

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

## Donations and Gifts

The Company did not make any donation during the year (2012: Nil)

## Auditors

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

By order of the Board

**Stella Mujakperuo**  
Company Secretary  
NASD Plc  
9th floor, UBA House  
57, Marina Lagos

27 May 2014







# Statement of Directors' Responsibilities

For the year ended 31 2 013

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.

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

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

Director

Director

2014



# Report of the Independent Auditor



## 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 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor’s responsibility*

Our responsibility is to express an 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 company’s financial affairs at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

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PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria





### 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; and
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria  
Engagement partner: Daniel Asapokhai  
FRC/2013/ICAN/0000000946



27 May 2014





# Statement of Financial Position

As at 31 December 2013

	Notes	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
<b>Assets:</b>				
<b>Current assets</b>				
Cash and cash equivalent	9	458,693	495,361	480,371
Receivables	10	21	677	2,085
Prepayments	11	8,945	4,023	-
<b>Non current assets</b>				
Intangible assets	12	587	-	-
Property and equipment	13	17,597	16,760	-
Deferred tax asset	16	2,502	-	-
<b>Total assets</b>		<b>488,346</b>	<b>516,821</b>	<b>482,456</b>
<b>Liabilities:</b>				
Accounts Payable	14	10,362	5,043	250
Deposit for shares	15	-	-	454,407
		<b>10,362</b>	<b>5,043</b>	<b>454,657</b>
<b>Equity</b>				
Share capital	18	333,153	333,153	36,583
Share premium	19	236,260	236,260	13,833
Retained earnings		(91,429)	(57,635)	(22,617)
<b>Total equity</b>		<b>477,984</b>	<b>511,778</b>	<b>27,799</b>
<b>Total liabilities and equity</b>		<b>488,346</b>	<b>516,821</b>	<b>482,456</b>

The financial statements were authorised for issue by the Board of Directors on 21 May 2014 and signed on its behalf by:

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

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

**Olutola Mobolurin**  
Chairman  
FRC/2013/CISN/00000003804



# Statement of Comprehensive Income

For the year ended 31 December 2013

	Notes	31 December 2013 N'000	31 December 2012 N'000
Fees and commission income	5	29,356	-
Operating expenses	6	(124,349)	(101,278)
Operating loss		(94,993)	(101,278)
Investment income	7	58,697	66,260
Loss before tax		(36,296)	(35,018)
Income tax credit	8	2,502	-
<b>Loss for the year</b>		<b>(33,794)</b>	<b>(35,018)</b>
<b>Other comprehensive income:</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(33,794)</b>	<b>(35,018)</b>
<b>Basic loss per share (kobo)</b>	17	(10.14)	(10.51)



# Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital N' 000	Share premium N' 000	Retained earnings N' 000	Total N' 000
<b>As at 1 January 2012</b>	36,583	13,833	(22,617)	27,799
Issue of new shares	296,570	222,427	-	518,997
loss for the year	-	-	(35,018)	(35,018)
<b>As at 31 December 2012</b>	<b>333,153</b>	<b>236,260</b>	<b>(57,635)</b>	<b>511,778</b>
<b>As at 1 January 2013</b>	333,153	236,260	(57,635)	511,778
loss for the year	-	-	(33,794)	(33,794)
<b>As at 31 December 2013</b>	<b>333,153</b>	<b>236,260</b>	<b>(91,429)</b>	<b>477,984</b>



# Statement of Cash Flows

For the year ended 31 December 2013

		31 December 2013 N '000	31 December 2012 N '000
	Notes		
<b>Operating activities</b>			
Cash used in operations	22	(87,770)	(96,889)
Tax paid		-	-
<b>Net cash used in operating activities</b>		<b>(87,770)</b>	<b>(96,889)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	13	(6,967)	(18,971)
Purchase of intangible assets	12	(629)	-
Interest received	7	58,697	66,260
<b>Net cash generated from investing activities</b>		<b>51,102</b>	<b>47,289</b>
<b>Financing activities</b>			
Proceeds from issue of shares		-	64,590
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>64,590</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(36,668)</b>	<b>14,990</b>
Cash and cash equivalent at start of year		495,361	480,371
Cash and cash equivalents at end of year		458,693	495,361
<b>Increase in cash and cash equivalent</b>		<b>(36,668)</b>	<b>14,990</b>





# Notes to the Financial Statements

For the year ended 31 December 2013

## 1 The Company

### 1.1 Legal Form

NASD Plc was incorporated as a private limited liability company in 1998 and converted to a public limited company in April 2013.

### 1.2 Principal Activities

In December 2012, it was licensed by the Securities and Exchange Commission to operate an OTC market for securities of unlisted public companies.

### 1.3 Ownership

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

## 2. 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.

### 2.1 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).

These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards, has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cashflows of the Company is provided in Note 27.

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

### 2.2 Basis of Measurements

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

### 2.3 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 de-recognised 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 de-recognised 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, and are measured at subsequent reporting dates at fair value.

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

**(b) Fair value hierarchy**

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

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

**(c) De-recognition of financial instruments**

Financial assets are de-recognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when they are extinguished. That is when the obligation is discharged, cancelled or expires.

**(d) 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 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. As at balance sheet date, the company did not have fair value through profit or loss, held to maturity and available for sale financial assets. (2012:Nil)

*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.

**(e) 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.



The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

**(f) 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 de-recognised 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.

**(g) 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.

**(h) 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.

*b) Assets carried at fair value*

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through 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 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. The movement in Share Premium amount is as stated in Note 19 to the accounts.

## **2.8 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 Act 2004, 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 7.5% and 7.5% each 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.



## 2.9 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.

## 2.10 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.

## 2.11 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. Commission income**

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

**ii. Investment income**

Investment income comprises realised and unrealised gains on investments, interest income and dividend income.

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.

**2.12 Cash and cash equivalents**

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

**2.13 Foreign currency transactions and balances**

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

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

At the end of each reporting period; monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



## 2.14 New standards and amendments effective from 1 January 2013 which do not impact on the company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these standards have a significant effect on the financial statements of the company. The standards are set out below

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances and that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. Lastly the amendments clarifies that a first-time adopter should provide the supporting notes for all statements presented.
Amendment to IAS 32, 'Financial instruments: Presentation'	1 January 2013	The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
Amendment to IAS 34, 'Interim financial reporting'	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the Chief Operating Decision Maker and there has been a material change in those measures since the last annual financial statements.
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.





### 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
- operational 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 institution shall hold more than 25% of its invested funds. The company's investment profile comprises short term deposit in financial institution in Nigeria.

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.

	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>	<b>1 January 2012 N'000</b>
Financial instruments			
<b>Financial assets</b>			
Cash and cash equivalents	458,693	495,361	480,371
Other receivables	21	677	2,085
<b>Financial liabilities</b>			
Other liabilities	10,362	5,043	250

#### (a) Credit Risk

Credit risk is the risk that a counter-party 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, 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).

<b>Maximum Exposure to Credit Risk</b>	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>	<b>1 January 2012 N'000</b>
Other receivables	21	380	2,085
Cash and Bank balances	458,606	495,361	480,371
<b>Total</b>	<b>458,627</b>	<b>495,741</b>	<b>482,456</b>

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



**(i) Management of Credit Risk**

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

NASD currently is not involved in granting credit facilities to counter-parties and does not hold investment securities of any organisation. Also, NASD does not collect funds directly from brokers for trades executed through its platform, rather all cash settlements for trades executed are managed by CSCS and accredited Settlement Banks.

**(ii) Exposure to Credit Risk**

The company's maximum credit risk exposure by only investing idle funds in financial institution which 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 Banks and Discount Houses. 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 CSCS and its accredited Settlement banks who executed firm agreements with CSCS that all trades executed by the bank's clients (that is, Participating Institutions) 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 is to ensure, as far as possible, that it will always has 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.

**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.

<b>31 December 2013</b>	<b>Carrying amount</b>	<b>Gross total</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60 - 90 days</b>	<b>over 90 days</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	458,693	463,546	428,108	38	35,400	-
Other receivables	21	21	-	21	-	-
	458,714	463,567	428,108	59	35,400	-
<b>Financial liabilities</b>						
Other liabilities	10,362	10,362	10,362	-	-	-
Gap (assets - liabilities)	448,352	453,205	417,746	59	35,400	-
<b>31 December 2012</b>						
	<b>Carrying amount</b>	<b>Gross total</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60 - 90 days</b>	<b>over 90 days</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	495,361	496,517	496,479	38	-	-
Other receivables	677	677	-	677	-	-
	496,038	497,194	496,479	715	-	-
<b>Financial liabilities</b>						
Other liabilities	5,043	5,043	5,043	-	-	-
Gap (assets - liabilities)	490,995	492,151	491,436	715	-	-
<b>1 January 2012</b>						
	<b>Carrying amount</b>	<b>Gross total</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60 - 90 days</b>	<b>over 90 days</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	480,371	480,371	480,371	-	-	-
Other receivables	2,085	2,085	2,085	-	-	-
	482,456	482,456	482,456	-	-	-
<b>Financial liabilities</b>						
Other liabilities	250	454,657	454,657	-	-	-
Gap (assets - liabilities)	482,206	27,799	27,799	-	-	-

**(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 has no investment that are exposed to interest rate risk

**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*

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

	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>N'000</b>	<b>N'000</b>
<b>5 Fees and commission income</b>		
Stock booking commission	382	-
Registration fees	28,974	-
	<u>29,356</u>	<u>-</u>
<b>6 Operating expenses</b>		
Marketing expenses	17,815	-
Consultancy	2,962	14,652
Direct trading costs	6,388	-
Personnel expenses	67,071	24,219
Rent and rates	10,301	10,500
Share issue expense	-	25,500
Depreciation	6,130	2,211
Amortisation	41	-
Impairment charge on receivables	297	-
General and administrative expenses	10,845	16,013
Auditor's remuneration	2,500	1,000
Other operating expenses	-	7,183
	<u>124,349</u>	<u>101,278</u>
<b>7 Investment income</b>		
Interest on short term deposits	58,697	66,260
	<u>58,697</u>	<u>66,260</u>
<b>8 Tax expense</b>	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>N'000</b>	<b>N'000</b>
Deferred tax credit (Note 16)	(2,502)	-
	<u>(2,502)</u>	<u>-</u>



The company has a 'Nil' company income tax in 2013 (2012: 'Nil') as the company had an assessable loss during the period. Minimum tax has also not been computed as the company is not liable to be assessed under the minimum tax provision within its first 4 years of commencement of business in line with Section 33 of the Companies Income Tax Act (CITA).

	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>	<b>1 January 2012 N'000</b>
<b>9 Cash and cash equivalent</b>			
Cash	87	-	-
Balances with banks	7,896	21,613	59,644
Money market investments	450,710	473,748	420,727
	<b>458,693</b>	<b>495,361</b>	<b>480,371</b>
	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>	<b>1 January 2012 N'000</b>
<b>10 Receivables</b>			
Withholding tax receivable	297	297	-
Sundry debtors	21	380	2,085
	<b>318</b>	<b>677</b>	<b>2,085</b>
Provision for receivables	(297)	-	-
	<b>21</b>	<b>677</b>	<b>2,085</b>
Movement in provisions			
Opening balance	-	-	-
Additional provision	297	-	-
Closing balance	<b>297</b>	<b>-</b>	<b>-</b>
	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>	<b>1 January 2012 N'000</b>
<b>11 Prepayments</b>			
Prepaid trading platform	4,527	-	-
Prepaid rent	3,394	3,484	-
Prepaid insurance	366	539	-
Other prepaid expenses	658	-	-
	<b>8,945</b>	<b>4,023</b>	<b>-</b>
Due within 12 months	8,945	4,023	-
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>12 Intangible assets</b>			
<b>Cost</b>	<b>Computer software</b>	<b>Trading software</b>	<b>Total</b>
As at 1 Jan 2013	-	-	-
Addition	370	259	629
As at 31 Dec 2013	<b>370</b>	<b>259</b>	<b>629</b>
<b>Accumulated amortisation</b>			
Charge for the year	41	-	41
As at 31 Dec 2013	<b>41</b>	<b>-</b>	<b>41</b>
<b>Net Book Value as at 31 Dec 2013</b>	<b>329</b>	<b>259</b>	<b>587</b>





13	Property and equipment	Motor vehicles	Office equipment	Furniture and fittings	Computer equipment	Total
		N000	N000	N000	N000	N000
<b>Cost</b>						
	As at 1 Jan 2013	8,900	252	8,396	1,423	18,971
	Addition	5,295	46	125	1,501	6,967
	As at 31 Dec 2013	14,195	298	8,521	2,924	25,938
<b>Accumulated depreciation</b>						
	As at 1 Jan 2013	927	27	1,023	234	2,211
	Charge for the year	3,549	55	1,695	831	6,130
	As at 31 Dec 2013	4,476	82	2,718	1,065	8,341
<b>Net book value</b>						
	As at 31 Dec 2013	9,719	216	5,803	1,859	17,597
<hr/>						
		Motor vehicles	Office equipment	Furniture and fittings	Computer equipment	Total
		N000	N000	N000	N000	N000
<b>Cost</b>						
	As at 1 Jan 2012	-	-	-	-	-
	Addition	8,900	252	8,396	1,423	18,971
	As at 31 Dec 2012	8,900	252	8,396	1,423	18,971
<b>Accumulated depreciation</b>						
	As at 1 Jan 2012	-	-	-	-	-
	Charge for the year	927	27	1,023	234	2,211
	As at 31 Dec 2012	927	27	1,023	234	2,211
<b>Net book value</b>						
	As at 31 Dec 2012	7,973	225	7,373	1,189	16,760
<hr/>						
		31 December	31 December	1 January		
		2013	2012	2012		
		N000	N000	N000		
14	<b>Accounts payable</b>					
	Withholding tax payable	2,059	3,793	-		
	Accrued expenses	3,500	1,000	-		
	Other payables	4,803	250	250		
	Due within 12 months	10,362	5,043	250		
15	<b>Deposit for shares</b>	31 December	31 December	1 January		
		2013	2012	2012		
		N000	N000	N000		
	Opening	-	454,407	-		
	Subscription monies received	-	64,590	454,407		
	Transferred to share capital (Note 18)	-	(296,570)	-		
	Transferred to share premium (Note 19)	-	(222,427)	-		
		-	-	454,407		



	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>N000</b>	<b>N000</b>	<b>N000</b>
<b>16 Deferred tax</b>			
At 1 January	-	-	-
Charge to profit and loss account for the year	(2,502)	-	-
Items in other comprehensive income	-	-	-
At 31 December	(2,502)	-	-
The deferred tax asset comprise timing difference arising from the following items:			
<b>16.1 Deferred tax assets</b>			
Property and equipment and intangible assets	2,502	-	-
	2,502	-	-
	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>N000</b>	<b>N000</b>	<b>N000</b>
<b>17 Loss per share</b>			
Loss for the year attributable to shareholders (N'000)	(33,794)	(35,018)	(22,617)
Weighted average number of ordinary shares in issue	333,153	333,153	36,583
Basic loss per share (expressed in Kobo per share)	(10.14)	(10.51)	(61.82)
<b>18 Share capital</b>	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>N000</b>	<b>N000</b>	<b>N000</b>
Authorised			
Ordinary Shares at N1 each	500,000	500,000	50,000
Issued and fully paid			
Ordinary Shares at N1 each			
At start of the period	333,153	36,583	36,583
New shares issued	-	296,570	-
At end of the period	333,153	333,153	36,583
On 15 May 2012, the company increased its authorised share capital from N50million to N500million by the creation of 450million additional ordinary shares of N1 each. The company subsequently issued 296,570,000 shares of N1 each at N1.75 per share by private placement.			
<b>19 Share premium</b>	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>N000</b>	<b>N000</b>	<b>N000</b>
Balance at the beginning of year	236,260	13,833	13,833
Transfer from deposit for shares	-	222,427	-
Balance at year end	236,260	236,260	13,833
<b>20 Retained earnings</b>			
Balance beginning of year	53,983	22,617	-
Transfer from statement of comprehensive income	33,794	31,366	22,617
	87,777	53,983	22,617



## 21 Contingent liabilities

The company had no pending litigations or other contingent liabilities as at 31 December 2013 (31 December 2012: Nil).

## 22 Cash used in operations

	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>
Loss before income tax	(36,296)	(35,018)
Adjustments for		
- Depreciation (Note 13)	6,130	2,211
- Amortisation (Note 12)	41	-
- Impairment charge (Note 10)	297	-
- Interest income	(58,697)	(66,260)
Changes in components of working capital		
- Increase in receivables and prepayments	(4,563)	(2,614)
- Increase in payables and accrued expenses	5,319	4,792
<b>Cash used in operations</b>	<b>(87,770)</b>	<b>(96,889)</b>

## 23 Related party transactions

The company entered into a number of transactions with related parties in the normal course of business. These include deposits and registration as issuing house and/or authorised dealers. Related-party transactions and their outstanding balances as at 31 December 2013 (31 December 2012 :Nil) were as follows

<b>Nature of transaction</b>	<b>Type of relationship</b>	<b>2013 N'000</b>	<b>2012 N'000</b>
Investment	Directorship/key management staff	728	728
Registration fees	Director/CEO relationship	1,250	-

### 23.1 Key management compensation

	<b>31 December 2013 N'000</b>	<b>31 December 2012 N'000</b>
Salaries and other short-term employee benefits	45,030	19,108
Defined contribution	2,615	1,110
	<b>47,645</b>	<b>20,218</b>

## 24 Directors and employee

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

	<b>2013</b>	<b>2012</b>
Executive director	1	1
Management	2	2
Non-management	13	7
	<b>16</b>	<b>10</b>

	<b>2013 N'000</b>	<b>2012 N'000</b>
The total employee benefits expense in the year comprise the following:		
Salaries and other short term benefits	63,273	22,892
Post employment benefits	3,798	1,327
	<b>67,071</b>	<b>24,219</b>



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

N100,000 - N500,000	2	4
N500,001 - N1,000,000	6	-
N1,000,000 - N4,000,000	5	4
Over N4,000,000	2	1
	15	9

In accordance with the provisions of the Pensions Act 2004, 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 7.5% and 7.5% each 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 Transition to IFRS

As stated in note 3, this is the company's first IFRS financial statements. The company has applied IFRS 1 in preparing these financial statements and the accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2013, the comparative information presented in the financial statements for the year ended 31 December 2012, and in the preparation of an opening IFRS statement of financial position at 1 January 2012.

In preparing its opening IFRS statement of financial position the company has adjusted amounts reported previously in the financial statements prepared in accordance with Statements of Accounting Standards issued by the Nigerian Accounting Standards Board ("Nigerian GAAP"). An explanation of how the transition from Nigerian GAAP to IFRS has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

<b>Reconciliation of equity:</b>	<b>31 December</b>	<b>1 January</b>
	<b>2012</b>	<b>2012</b>
	<b>N'000</b>	<b>N'000</b>
<b>Equity under NGAAP</b>	515,430	27,779
Consulting fees on intangible assets expensed (a)	(3,652)	
Total IFRS adjustments	(3,652)	-
<b>Equity under IFRS</b>	<b>511,778</b>	<b>27,779</b>

<b>Reconciliation of statement of profit or loss and other comprehensive income</b>		<b>N ' 000</b>
<b>For the year ended 31 December 2012</b>		
<b>Loss after tax under NGAAP</b>		(31,366)
Consulting fees on intangible assets expensed (a)		(3,652)
<b>Total comprehensive income for the year under IFRS</b>		<b>(35,018)</b>

- (a) Under N-GAAP, consulting fees incurred towards the purchase of the company's website was capitalised. Under IFRS, this amount has been expensed as it relates to research costs in line with the requirements of IAS 38.



## Registered Participating Institutions

### S/N BROKER/DEALER FIRMS

1	Adonai Stockbrokers Limited
2	Afrinvest Securities Limited
3	Alangrange Securities Limited
4	Anchoria Investment & Securities Limited
5	APT Securities and Funds Limited
6	ARM Securities Limited
7	Arthur Steven Asset Management Limited
8	BGL Securities Limited
9	Capital Asset Limited
10	Capital Bancorp Plc
11	Cardinal Stone Securities Limited
12	Cashcraft Asset Management Limited
13	Chapel Hill Denham Securities
14	Chartwell Securities Limited
15	City-code Trust & Investment Company Limited
16	Cordros Capital Limited
17	Core Trust & Investment Limited
18	Cowry Securites Limited
19	CSL Stockbrokers Limited
20	DSU Brokerage Services Limited
21	Dunbell Securities Limited
22	Dunn Loren Merrifield Securities Limited
23	Dynamic Portfolio Limited
24	Equity Capital Solution Limited
25	FBN Securities Limited
26	FCSL Asset Management Company Limited
27	Forthright Securities & Investment Limited
28	FSDH Securities Limited
29	Global Asset Management Nigeria Limited
30	Golden Securities Limited
31	Greenwich Securities Limited
32	GTI Securities Limited
33	Harmony Securities Limited
34	ICMG Securities Limited
35	Icon Stockbrokers Limited
36	Investment One Stockbrokers International Limited
37	Kedari Securities Limited
38	Lambeth Trust & Investment Company Limited
39	Lead Securities & Investment Limited
40	Magnartis Finance & Investment Limited
41	Marina Securities Stockbroking Services Limited
42	MBC Securities Limited
43	Mega Equities Limited
44	Meristem Securities Limited
45	Network Capital Limited
46	Nigerian International Securities Limited
47	PAC Securities Limited
48	Partnership Securities Limited
49	Phronesis Securities Limited
50	Primera Africa Securities Limited
51	Prominent Securities Limited
52	Pyramid Securities Limited
53	Quantum Securities Limited
54	Regency Assets Management Limited
55	Rencap Securities Limited
56	Resort Securities & Trust Limited
57	Reward Investments & Services Limited
58	Securities Africa Financial Limited
59	Sigma Securities Limited
60	Signet Investments & Securities Limited
61	Springboard Trust and Investment Limited
62	Stanbic IBTC Stockbrokers Limited
63	TFS Securities & Investment Company Limited
64	Tradelink Securities Limited
65	Trust Yields Securities Limited
66	Trusthouse Investments Limited
67	UBA Securities Limited
68	Valmon Securities Limited
69	Valueline Securities & Investments Limited
70	Vetiva Securities Limited
71	WSTC Financial Services Limited

### S/N ACCREDITED ISSUING HOUSES

1	Capital Assets Limited
2	Capital Bancorp Plc
3	Cash craft Asset Management Limited
4	Chapel Hill Advisory Partners Limited
5	Cordros Capital Limited
6	Core Trust and Investment Limited
7	Dunn Loren Merrifield Limited
8	Dynamic Portfolio Limited
9	FBN Capital Limited
10	FSDH Securities Limited
11	Greenwich Trust Limited
12	GTI Capital Limited
13	ICMG Securities Limited
14	Investment One Financial Services Limited
15	Kedari Capital Limited
16	Marina Securities Limited
17	MBC Capital Limited
18	Meristem Securities Limited
19	Pan-African Capital Limited
20	Partnership Investment Company Plc
21	Renaissance Securities Nigeria Limited
22	Sterling Capital Markets Limited
23	Value Capital Limited







## Our Partners

### Settlement Banks

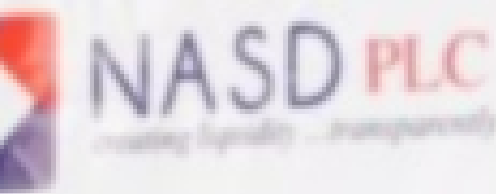


### Clearing System



### Trading Platforms

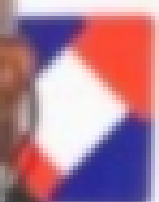




# OTC Market

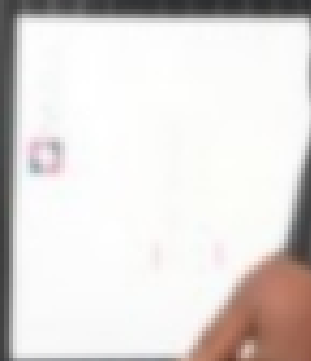


# OTC Market



# NASD

creating liquidity - transparently



# OTC Market



# Proxy Form

The Annual General Meeting of NASD Plc, taking place at the Auditorium, GTI Capital Limited, 4 Tinubu Street, Central Business District, Lagos on the 26<sup>th</sup> day of June, 2014 at 11 a.m.

	Resolution	For	Against	Abstain
<p>I/we, Shareholder's Name:</p> <p>.....</p> <p>Being a Shareholder of NASD PLC (RC.336267) hereby appoint Being a Shareholder of NASD PLC (RC.336267) hereby appoint</p> <p>.....of</p> <p>.....or failing him,</p> <p>..... as my/our proxy to vote for me/us on my/our behalf as he deems fit or as specified in the boxes in relation to the resolutions to be submitted to Shareholders at the Annual General Meeting of the Company to be held on the 26<sup>th</sup> of June 2014 and at any adjournment thereof:</p> <p>Dated this.....day of ..... 2014</p> <p>Signature(s) of Shareholder(s)</p> <p>.....</p> <p>Signature of Proxy ..... (corporates must execute under Common Seal)</p>	<p><b>Ordinary Business</b></p> <p>1) "That the Report of the Directors, Auditors and the Financial Statements for the year ended 31<sup>st</sup> December 2013 now submitted be and are hereby received and approved"</p> <p>2) "To re-elect the following Directors:</p> <p>3) "That Mr. Olutola Mobolurin be and is hereby re-elected as a Director"</p> <p>4) "That Mr. Chike Nwanze be and is hereby re-elected as a Director"</p> <p>5) "That Mr. Oladipo Aina be and is hereby re-elected as a Director"</p> <p>6) "That Mr. Victor Ogiemwonyi be and is hereby re-elected as a Director"</p> <p>7) "That Mr. Ariyo Olushekun be and is hereby re-elected as a Director"</p> <p>8) "That Mr. Albert Okumagba be and is hereby re-elected as a Director"</p> <p>9) "That Mr. Kayode Falowo be and is hereby re-elected as a Director"</p> <p>10) "That Mr. Bolaji Balogun be and is hereby re-elected as a Director"</p> <p>11) "That Mr. Abubakar Lawal be and hereby re-elected as a Director"</p> <p>12) "That Mr. Jibola Odedina be and hereby re-elected as a Director"</p> <p>13) That Mr. Ade Bajomo be and is hereby re-elected as a Director"</p> <p>14) "That Mr. Samuel Nwanze be and is hereby re-elected as a Director"</p> <p>15) "That Mr. Bola Ajomale be and is hereby re-elected as a Director"</p> <p>16) "To authorize the Directors to fix the remuneration of the Auditors"</p> <p>17) "To elect members of the Audit Committee"</p>			
<p><b>NOTES</b></p> <p>1. A member (shareholder) who is unable to attend the meeting is allowed by Law to vote by proxy.</p> <p>2. The completed, signed and stamped Proxy Form should be deposited with the Company Secretary at UBA House (9<sup>th</sup> floor), 57 Marina, Lagos and must reach them not later than 48 hours before the time of voting.</p> <p>3. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently N500.00) from the Stamp Duties Office, and not adhesive postage stamps.</p>				

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

## ADMISSION CARD



### 2014 Annual General Meeting

Please admit only the shareholder named on this card or his duly appointed proxy to the 2014 Annual General Meeting being held at The Auditorium, GTI Capital Limited, 4 Tinubu Street, Central Business District, Lagos on the 26<sup>th</sup> day of June, 2014 at 11 a.m.

Name of shareholder/Proxy \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

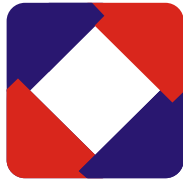
**This card is to be signed at the venue in the present of the Company Secretary**







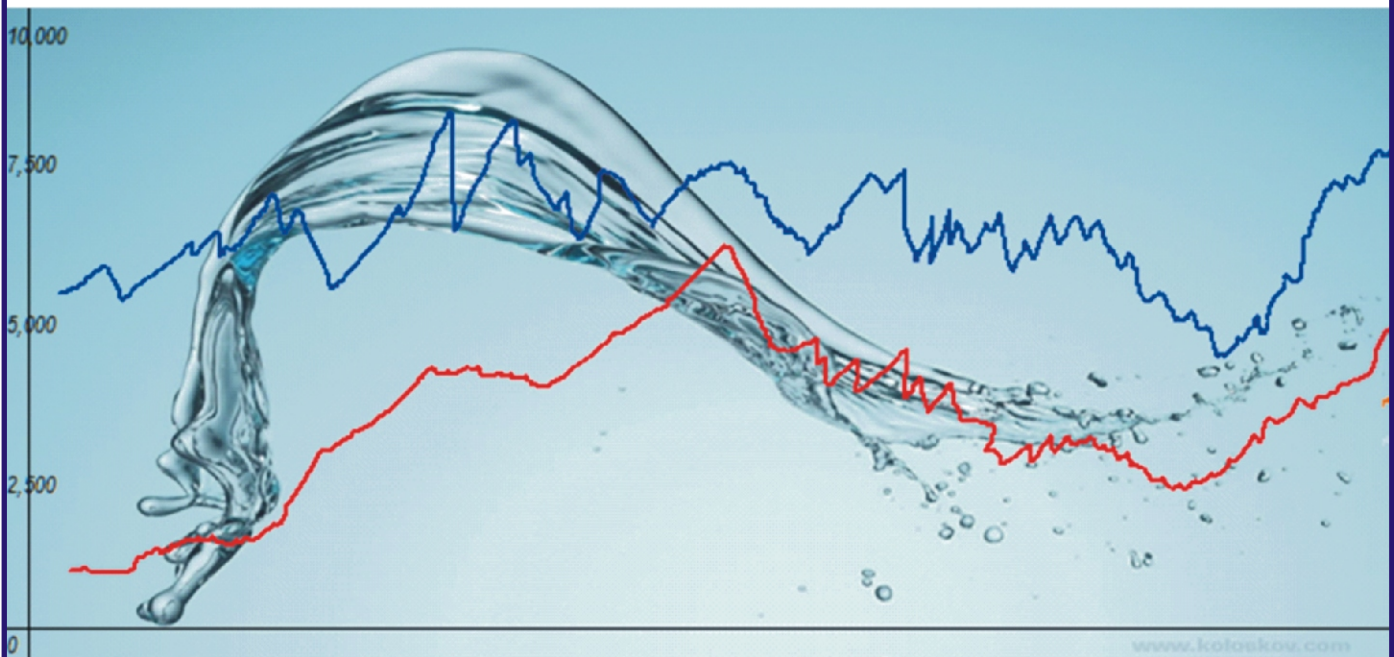




PLC

***“CREATING LIQUIDITY .....TRANSPARENTLY”***

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234 1 460 5008

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

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



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*“Creating liquidity .....transparently”*

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