

# OUR VISION

*“To be the leading stock exchange in Africa for capital formation driven by transparency, innovation, efficiency and liquidity”*

# MISSION STATEMENT

*To promote increased capital formation in Nigeria by providing issuers and investors with a responsive, fair and efficient stock market through competent and dedicated professionals, using the latest technology, thus assuring local and foreign investors access to the Nigerian stock market with confidence both in the regulatory framework and in the reliability of trading and settlement systems.*

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# NOTICE OF THE FIFTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of Members of the Nigerian Stock Exchange will be held on the 11<sup>th</sup> floor, Stock Exchange House, 2/4 Customs Street Lagos, on Friday, 3 May 2013 at 11:00 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To present the Report of the National Council, the Financial Statements as at December 31, 2012, and the Report of the Auditors.
2. To elect/re-elect members of Council.
3. To re-appoint the Auditors and authorize members of Council to fix the remuneration of the Auditors.

## NOTE:

Proxy: A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall be appointed a proxy who is not already a Member of The Exchange or the accredited representative of a Member and qualified to vote, save that a corporation being a Member of The Exchange may appoint as its proxy one of its Directors or other authorized representative who is not a Member of The Exchange. Executed proxy forms should be deposited at the registered office of The Exchange at least 48 hours prior to the time of the meeting. A proxy form is attached to this notice.

Dated this 12th day of April 2013

By Order of Council



Tinuade Awe  
Secretary to Council  
Stock Exchange House  
2/4 Customs Street  
Lagos  
Nigeria



## COUNCIL MEMBERS & ADVISORS

|      |  |  |
|------|--|--|
| 1.   | Alhaji Aliko Dangote, GCON                             | President  |
| 2.   | Mallam Ballama Manu                                    | Interim Head of Council ((Up to 25/07/12)              |
| 3.   | Mr. Oscar Onyema                                       | Chief Executive Officer (WEF 04/04/11)                 |
| 4.   | Dr. Oba Otudeko, CFR                                   | Ex-Officio (Up to 28/09/12)                            |
| 5.   | Alhaji Bello M. Maccido                                | Ordinary Member (Up to 25/04/12)                       |
| 6.   | Mr. Emmanuel Ikazoboh                                  | Ordinary Member (Up to 28/09/12)                       |
| 7.   | Mr. Nsa Harrison                                       | Ordinary Member (Up to 28/09/12)                       |
| 8.   | Mr. Aigboje Aig-Imoukhuede, CON                        | Ordinary Member (Appointed 31/1/13)                    |
| 9.   | Mrs. Yemisi Ayeni                                      | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| 10.  | Mr. Abubakar Mahmoud, SAN, OON                         | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| 11.  | Mr. Abimbola Ogunbanjo                                 | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| 12.  | Prof. Herbert Onye Orji, OON                           | Ordinary Member (Appointed 28/3/13)                    |
| 13.  | Mr. Bismarck Rewane                                    | Ordinary Member (Up to 28/09/12)                       |
| 14.  | Mrs. Dorothy Ufot, SAN                                 | Ordinary Member (Up to 28/09/12)                       |
| 15.  | Mr. Hassan Usman                                       | Ordinary Member (Up to 28/09/12)                       |
| 16.  | Katsina State Investment &<br>Property Dev Co. Limited | Ordinary Member ( Up to 25/04/12)                      |
| 17.  | Partnership Investment Company Limited                 | Dealing Member   |
| 18.  | Reward Investment & Services Limited                   | Dealing Member   |
| 19.  | WSTC Financial Services Limited                        | Dealing Member <sup>20</sup> .                         |
| 20.  | APT Securities and Funds Limited                       | Dealing Member   |
| 21.  | City-Code Trust & Investment Limited                   | Dealing Member   |
| 22.  | ICON Stockbrokers Limited                              | Dealing Member   |
| 223. | StanbicIBTC Stockbrokers Limited                       | Dealing Member   |

COUNCIL SECRETARY: Ms. Tinuade T. Awe

### REGISTERED

OFFICE: Stock Exchange House  
2/4 Customs Street, Lagos

AUDITORS: KPMG Professional Services  
(Chartered Accountants)

BANKERS Access Bank Plc  
First Bank of Nigeria Plc  
First City Monument Bank Plc  
GT Bank Plc  
Zenith Bank Plc

## PRESIDENT'S ADDRESS



Alhaji Aliko Dangote, GCON  
President

## Distinguished Ladies and Gentlemen

It gives me great pleasure to welcome you all to the 52nd Annual General Meeting of the Nigerian Stock Exchange and to present to you the Annual Report and Financial Statements for the year ended 31 December 2012.

### *Market Operating Environment*

As economies around the world struggled to maintain momentum, the global recovery continued to meet setbacks, and global growth on a macro level, has been elusive at best. Yet, what has been referred to as “the last frontier” – this continent of ours, Africa – is experiencing the kind of growth from which the BRICs were born. For this reason alone, here at the Nigerian Stock Exchange (NSE or the Exchange), we are presented with an opportunity to strengthen our position in the global financial marketplace, and to do so by exercising good judgment.

If we are to continue to build upon the strengths of the Nigerian capital market and ensure a truly fair and orderly market, then we must continue to do so with a global perspective, realizing that Nigeria is a true force in the global financial marketplace.

## PRESIDENT'S ADDRESS (CONT'D)

With this in mind, the NSE is among the many emerging markets focused on building local liquidity and market depth, while exploring the potential of becoming a regional hub, looking to be a key marketplace for foreign investments. This focus complements a key trend we are seeing by companies in developed economies looking to tap into rising demand from emerging markets.

### *Strategic Developments*

It has been another productive year for the Group, dominated by the execution of key strategies and initiatives we set out for ourselves at the beginning of the year. The 2016 transformation agenda, guided by our "Five Pillars" that we established for the Exchange, has already begun to show tangible results.

On the back of our rebranding initiative for our board/market segments, which consolidated thirty-three (33) industry sectors into twelve (12) sectors, the Exchange was in a better position to promote international industry classifications to the market, as well as to prospective issuers. Although the reconstruction did not immediately result in the number of new listings we anticipated, we are undoubtedly well-positioned and more aligned with international standards, which I believe, will result in new issuers coming to the market.

In 2012, the Exchange made two strategic investments in imminent alternative trading platforms for the Nigerian capital market through its

wholly owned subsidiary, *NSE Consult Limited*, adding the important OTC market to the Exchange's business coverage.

The first investment was in *Nigerian Association of Securities Dealers Limited* (NASD), a formal OTC platform offering a structured trading arena for unlisted equities, bonds and money market

instruments. As the OTC market in Nigeria is at the onset of unprecedented growth, we made a strategic decision to invest in an entity with a complementary business, to enhance our competitive position in the capital market, while diversifying our revenue stream. The Exchange acquired 6.86% of NASD as a part of a private placement offer, and in December 2012, the company received the *Securities and Exchange Commission's* (SEC) approval to formally establish the OTC platform. Soon after, the NASD selected the NSE to host its automated trading system.

The second strategic investment we made was in FMDQ OTC Plc (FMDQ). FMDQ is a newly established firm registered to carry out the business of

securities dealing, and to promote, own, develop, control, operate, manage and oversee OTC market platforms for trading securities. The company intends to offer a money market terminal for dealing and settling money market trades. We made a strategic decision to invest in FMDQ in order to broaden our market reach, further diversify the NSE's revenue stream, and to remain at the forefront of an evolving, modern and globally competitive financial market that is emerging in Nigeria. The

***As the OTC market in Nigeria is at the onset of unprecedented growth, we made a strategic decision to invest in an entity with a complementary business, to enhance our competitive position in the capital market, while diversifying our revenue stream.***



## PRESIDENT'S ADDRESS (CONT'D)

company was granted approval from the SEC to perform its function in the OTC market in November 2012. Accordingly, the Exchange owns 7.788% of FMDQ.

As a part of our transformation agenda, the Exchange is focused on launching new products and services in our market to address our clients' needs. In this regard, we have proposed launching a derivatives market in Nigeria by 2014.

The Exchange plays an active role in advocating financial system reforms at the government level, and is involved in an official program to develop Nigeria's financial system strategy for 2020 – the Financial System Strategy 2020 (FSS2020). The FSS2020 program is being implemented by all core financial services institutions and their respective regulators (i.e., the *Central Bank of Nigeria* (CBN), the *Pension Commission* (PENCOM), the *National Insurance Company* (NAICOM), the SEC, etc.), guided by the objective to transform Nigeria's financial services system into a catalyst for growth – by “becoming the safest and most diversified financial system among emerging markets, supporting the real economy”. As it relates to the NSE, we are part of a financial markets group responsible for several key drivers which include (i) deepening and diversifying products, services and institutions to drive increased participation in the financial markets, (ii) facilitating the reduction of operational and transaction costs, (iii) establishing an internationally competitive market infrastructure, (iv) working with the

government on fiscal and structural policy as a foundation for the long term stability of the financial system, (v) working with the government to put together an incentive structure for large companies to list on the NSE, and more. Clearly, the FSS2020 program is well-aligned with the NSE's strategic objectives, and for this reason, I am confident that our involvement in the program will be beneficial to helping us achieve our specific goals, while helping the nation, and more importantly, our financial system, achieve theirs.

*On the regional front, the NSE continues to play a major role in the West African Monetary Institute's (WAMI) goal to integrate West Africa's securities exchanges vis-à-vis the West African Capital Markets Integration (WACMI) program.*

On the regional front, the NSE continues to play a major role in the *West African Monetary Institute's* (WAMI) goal to integrate West Africa's securities exchanges vis-à-vis the *West African Capital Markets Integration* (WACMI) program. This program is the driving force for financial market cooperation and collaboration in the West African sub-region. As part of our role in the program, the Exchange is an active participant in the technical committees that were formed to review and harmonize the legal, regulatory and operational (e.g., listing, trading, clearing and settlement) framework of participating exchanges, within the context of the

eventual integration of these exchanges. We believe this program will strengthen the strategic positioning of West Africa's bourses, and provide the opportunity for the sub-region to meet the scale, scope, reach and efficiency pressures global exchanges are facing today.

### *Our Goals and Philosophy*

Over the past year, the Exchange has made great strides in its commitment to providing a world-class



## PRESIDENT'S ADDRESS (CONT'D)

capital market experience, and to improving its service excellence. We articulated a goal of achieving \$1 trillion in market capitalization across five products by 2016. To achieve this goal the NSE will continue to align its objectives with facilitating the development of the Nigerian economy, including driving capital formation; as such, we will continue to progress our transformation agenda, with an emphasis on new quality listings, product development/penetration, and a transparent market structure.

On the same level of importance as reaching our market capitalization goals, the Exchange has a firm belief that to whom much is given, much is also expected. In this regard, we have commenced efforts to develop our Corporate Social Responsibility (CSR) program, which we plan to formally launch in the New Year. The CSR program will enable the Exchange and its employees make a meaningful contribution to the socio-economic well-being of our community. The initiatives will primarily be driven by the NSE in partnership with organizations whose business values and objectives are aligned with the strategic CSR objectives of the Exchange.

### *Financial performance*

Despite unfavorable effects of the global financial crisis which lingered throughout the year, the Nigerian Stock Exchange delivered a solid financial performance in 2012, reflecting the execution of

our corporate strategy, and our continued focus on providing service excellence to our customers, driven by the dedication of the management and staff of the Exchange.

The Group generated N3.9 billion in total revenues for the year, resulting in an operating surplus of N1.2 billion. The Group's accumulated funds stood at N10.5 billion on December 31, 2012.

### *Conclusion*

Nigeria is considered one of the 'Next 11' countries and is also considered to be one of the fastest growing economies in the world. As one of the largest exchanges in Africa (by market capitalization), servicing the second largest financial center in sub-Saharan Africa, the NSE is well-positioned to grow its operational and financial base, and to absorb the forces of change currently reshaping global financial markets. As we look forward, we are focused on facilitating the creation of corporations that will be the 'African Champions' of tomorrow. With this in mind, the NSE is on course to deliver a first-rate capital market experience that will make us "the gateway to African capital markets".



Alhaji Aliko Dangote, GCON  
President



## CHIEF EXECUTIVE OFFICER'S REVIEW



**Oscar Onyema**  
Chief Executive Officer

### *Introduction*

This has been another good year at the NSE from a financial, as well as strategic standpoint. We have executed on several key initiatives to enhance market liquidity and depth, and to strengthen our regulatory framework. The execution of these initiatives has helped reignite interest and participation in our capital market. As we head into a New Year, the Exchange is well-positioned to take advantage of opportunities presented by the changing dynamics of the capital market landscape, especially as it pertains to emerging and frontier markets.

Our business model is continually evolving to reflect the changing needs of our clients. In line with our

corporate strategic objectives, we are committed to expanding our current portfolio of products and services to further diversify our market.

### *Regulation*

As a self-regulatory organization, we take our regulatory function very seriously. We introduced various transparency measures in 2012 to drive recovery of investor confidence, while creating the impetus for issuers and market operators to comply with our rules. We introduced the *X-Compliance* report and the *BrokerTraX* tool to bring transparency to the compliance level of listed companies and broker-dealers, respectively; we also introduced the *X-Qual* market quality report to bring best execution transparency to the trading of listed securities; and we enforced our rules fairly and equitably, to ensure continued integrity in the marketplace.

### *Group Performance*

Our strong financial performance in 2012 is a result of the NSE's sound business model. In this regard, it is my pleasure to announce that the Group generated N3.9 billion in revenue for the year 2012, up 11% from 2011. The Group's revenue growth can be attributed to increases in Other Income, specifically investment and dividend income. Our Group operating surplus is also up 346% from the previous year, to N1.2 billion. We attribute the growth in our operating surplus to several factors including (i) an increase in revenues and other income (ii) our continued efforts to cut costs and improve upon our operational efficiency, and (iii) our share of profit from an associated company.

The capital market business realized a number of successes throughout the year. As the Group's income is primarily driven by our capital market operations, this business accounted for approximately 77% of total proceeds in 2012. The income streams from the business include fees

## CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

generated from securities transactions, listing fees (initial), annual dues and entrance levies (charges for the issuance of new capital). While the market volatility experienced throughout the year had a moderate impact on our business, growth was broadly flat for the year, and total volume and value traded in equities remained stable. Nonetheless, issuers successfully raised N195.36 billion from the market during the year, translating into a two-year total of N2 trillion in the value of capital raised on the Exchange.

### *Capital Market Events*

Equity transactions accounted for the majority of the Group's revenue. In this regard, our Main Board accounted for 99% of the value of trades for the year. While we are delighted over the success of our Main Board, we realize that small and medium enterprises (SMEs) are the key drivers of economic development in Nigeria and across Africa. To this end, the Exchange has been an active promoter of this economic segment, and we believe that by developing a favorable capital market environment for these companies, we are facilitating the creation of the 'African Champions' of tomorrow. Our Business Development division, which actively focuses on SMEs, continues to expand its reach to these businesses by maintaining direct relationships with potential SME issuers, and sponsoring events to promote the benefits of listing on the Exchange. Earlier this year, the Exchange developed the framework for the assignment of designated financial advisers to SMEs listed on our *Alternative*

*Securities Market (ASeM)*; this was approved by the National Council. These advisers will assist in ensuring that existing and prospective companies listed on ASeM, remain in compliance with the post-listing rules of the NSE. Furthermore, the Exchange has conveyed our intent to re-launch the ASeM board in the second quarter of 2013.

Our burgeoning fixed-income market presents an opportunity for the Exchange to diversify our product offerings and for investors to mitigate their investment portfolio risk. The last few years have shown the need for portfolio diversification by retail investors, away from the traditional equities focus they have maintained over the years. In light of this, we have demonstrated our commitment to deepening the fixed-income market with the planned introduction of a retail bond trading platform, expected to launch in the first quarter of 2013. As the current over-the-counter (OTC) market structure caters to institutional participation in the bond market, a robust retail bond trading platform would enable retail investors participate in the buying and selling of bonds. We believe the new platform

will be complementary to the OTC market, and will raise the credibility of the Nigerian bond market, while allowing for improved price efficiency and transparency. Over the course of 2012, the prospects surrounding the opportunity in the fixed-income market drove the NSE to implement the appropriate market structure for retail bond trading on the Exchange.

***The Group's revenue growth can be attributed to increases in Other Income, specifically investment and dividend income. Our Group operating surplus is also up 346% from the previous year, to N1.2 billion.***



## CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

Recently, the Market Operations and Technology (MOT) division successfully upgraded the NSE *Automated Trading System (ATS)*, from release h4-5-89 to release h4-5-133, to enhance the performance of the trading engine. With a view to enhance automated trading efficiency, the Exchange also entered into an agreement with the *NASDAQ OMX Group, Inc.*, to migrate our existing trading platform to the *NASDAQ OMX X-stream* trading solution, which we have branded *NSE X-Gen*. The migration is slated for completion in the third quarter of 2013, and at the time of launch, *X-Gen* will support trading in equities, bonds and ETFs, while derivatives will be introduced in Phase II of the project.

As you will see in the 'NSE Highlights', this year also saw the launch of the Primary Market Making (PMM) program in equities, a major effort to bring liquidity and depth into the market. Consequently, the NSE implemented a hybrid trading model, enabling market makers to display two-way quotes – bid (buy) and offer (sell) prices. This supports a many-to-many relationship structure that promotes a more dynamic market with continuous price discovery.

Finally, our strategy in regards to index creation is to gauge market expectation and provide viable solutions that will have a direct impact on the end user. To this end, the NSE successfully launched the *NSE Lotus Islamic Index* which tracks the

performance of Shari'ah compliant companies listed on the Exchange, and also executed an agreement with FTSE and 18 African exchanges to be part of the *FTSE ASEA Pan Africa Index Series*, a regional index representing the stock exchanges that make up the *African Securities Exchanges Association (ASEA)*, and a performance benchmark for African equity portfolios.

### *Expanding Our Business Model*

We continue to evolve our business to address the growing needs of our clients, and to diversify the revenue streams of the Exchange. Incidentally, we launched several new business activities that should mature in the future. These include a suite of new products delivered by our Market Data department which are already generating revenue, and our *X-Net* connectivity service for dealing members which has also provided a new revenue stream for the business. Today, investors and vendors may subscribe to receive various levels of market data (including real-time and end-of-day) from the Exchange, for a fee, while *X-Net* enables dealing members to log in, remotely, to the NSE ATS through a secure, low latency, high availability virtual private network (VPN).

Our value-added services product suite, *X-Value*, is a key element of our business development efforts. These services aim to create a competitive advantage for listed companies, assist them in complying with their post-listing obligations, and ensure they retain their listing status;

*we launched several new business activities that should mature in the future. These include a suite of new products delivered by our Market Data department which are already generating revenue, and our X-Net connectivity service for dealing members*



## CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

and for the Exchange, the services aim to attract and retain new listings, and improve investor interest in our market, through the availability of enhanced information. The Exchange charges fees to clients, based on the service(s) they require. As we increase the offerings under each *X-Value* product, the revenue stream will expand, in line with the continued growth of the market and the listing of new issuers on the Exchange.

### *Outlook*

In 2011, the Exchange conveyed its five-year transformation agenda which revolves around our "Five Pillars": (1) targeted business development, (2) enhanced regulatory programs, (3) 21<sup>st</sup> century technology strategies, (4) enhanced market structure, and (5) investor protection initiatives.

Over the past year, the Exchange has made great strides in our journey towards providing a world-class capital market experience, and improving our service excellence. We have undertaken major reviews of our market and operations, and have implemented innovations that will deliver a robust and efficient capital market. We remain committed to providing a stronger regulatory environment and to making the market more accessible. For almost two years, we have successfully delivered

on key strategic initiatives to create an African institution that competes effectively in the global marketplace. These initiatives support our efforts to develop a more transparent, liquid and accessible market with a modern market structure to support the delivery of a wider range of investment products. We have also engaged with investors, listed companies, market operators, the regulator, and prospective issuers who had lost faith in the capital market, and are optimistic that together, we are moving in the right direction.

In this regard, the Exchange is committed to our role in the Nigerian capital market and in driving the highest level of compliance with the law, and the rules and regulations of the market. With dependability, scale, scope and cost-efficiency being priority areas for exchanges around the world, achieving competitiveness will be at the forefront of the Group's agenda in 2013.



Oscar Onyema  
Chief Executive Officer



# 2012 NSE HIGHLIGHTS

## FIRST QUARTER

### 21st Century Technology Strategies

To enhance the investor experience, the NSE launched its new Web site in January 2012 with a real-time feed to a ticker, and rolled out *X-Net*, a virtual private network (VPN), to enhance brokers' connectivity (20x faster than the previous offering) to the Exchange's trading systems. The Exchange also commenced development and testing of its new trading platform, *X-Gen*, which will go live in 2013.

### Financial Literacy and Investor Clinics

The Nigerian Stock Exchange (NSE or the Exchange) kicked-off a financial literacy program as a first step in protecting investors. The program aims to enhance investor understanding of the basics of investing around portfolio construction, asset allocation and risk diversification. The *Investor Clinic* aspect of the program was delivered in partnership with Morgan Stanley and Renaissance Capital in two separate events, while delivery to retail investors was completed in over 200 workshops across Nigeria.

### Enhanced Regulatory Programs

In March 2012, to offer issuers greater flexibility in their ability to raise capital from our market, the Exchange amended its listing rules to include quantitative measurements for profit, market capitalization, price and public float, among others. To increase the level of market compliance, the NSE launched the *Broker TraX* tool at the start of the year. The tool provides transparency of broker and brokerage firm compliance with the rules of the market. The Exchange also introduced the *X-Compliance* report, a transparency initiative designed to help maintain market integrity, by providing compliance related updates on all listed companies

## SECOND QUARTER

### NSE Council President Returns

In June 2012, the President of the Dangote Group, Alhaji Aliko Dangote, MFR, GCON, resumed as the President of the Council of the NSE.

### First NSE Market Makers Unveiled

Another milestone was recorded in the Nigerian capital market in April, as the first 10 companies selected as market makers on the trading floor of the NSE were announced. The unveiling of these companies was a significant landmark in bringing liquidity and depth back into the market.

## THIRD QUARTER

### NSE Lotus Islamic Index

As part of the NSE's targeted business efforts, the Exchange launched the *NSE Lotus Islamic Index* (NSE LII) in July 2012. This index tracks the performance of Shari'ah-compliant equities on the Exchange.

### Successful Launch of Primary Market Making

The second half of 2012 saw the commencement of a primary market making (PMM) program in equities, a major effort to bring liquidity and depth into the market. Following its roll-out in mid-September, the *NSE ASI* experienced a 10.66% improvement through the end of the year. The Exchange also expanded the limit up/limit down threshold from 5% to 10% for stocks with PMMs. The program was launched in conjunction with securities lending and short selling.

## 2012 NSE HIGHLIGHTS (CONT'D)

### Investor Protection Fund

In September 2012, the Exchange inaugurated the Board of Trustees of the *NSE Investor Protection Fund* (IPF). The IPF provides investors a statutorily backed solution for reducing losses they might suffer as a result of the bankruptcy, insolvency, negligence or wrong-doing by dealing members.

### FOURTH QUARTER

#### Increased Bond Market Interest

International institutional investors flocked to the Nigerian bond market with the inclusion of selected Nigerian government bonds in the *JP Morgan Government Bond Index-Emerging Markets* (GBI-EM) in October. Additionally, the *Debt Management Office* (DMO) appointed a government stockbroker to improve liquidity for Federal Government of Nigeria bond trading on the floor of the NSE.

#### X-Value

The NSE introduced a comprehensive suite of value-added services, *X-Value*, for listed and prospect companies. These value added services centered on Equity Research Coverage, Investor Relations, Corporate Governance Compliance, Institutional Services and Corporate Access.

#### Market Quality Report (X-Qual)

The NSE introduced the market quality report (*X-Qual*) in November 2012, which offers brokers and analytical investors insight into how to derive best execution of orders in the market, and the quality of execution that can be expected.

#### Improved Access to Market Data

Additionally, the Exchange commenced direct delivery of real-time and delayed market data feeds to key information providers, including *Reuters*, *Bloomberg*, *Google*, *Six Telekurs* and *Interactive Data Services* (IDS).

#### Successful Policy Advocacy

In early December, the Federal Government of Nigeria announced the elimination of value-added taxes (VAT) and stamp duties on all stock market transactions, to provide investors relief on transaction costs. In addition, the Coordinating Minister of the Economy and Minister of Finance announced a N22.60 billion (\$145.39 million) debt relief package on the margin loan debt of 84 brokerage firms. The NSE took a leading role in advocating for these fiscal actions by the government.

#### Strong Yearly Performance

The capitalization of listed equities grew by 37.31% from N6.54 to N8.98 trillion (\$57.77 billion); the NSE All Share Index (ASI) gained 35.45%; and average daily turnover for equities was N2.65 billion (\$17.05 million), up 2.71%.

# CORPORATE GOVERNANCE REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2012

### a. Introduction

The Nigerian Stock Exchange was established in 1960 and today is a major exchange in the sub-Saharan African region. It has in place an effective governance mechanism that not only ensures proper oversight of its business by the Council and other principal organs of The Exchange, but also carries on its business in a manner that engenders public trust and confidence while meeting the expectations of all stakeholders.

In pursuit of this objective, the Exchange's processes are consistently reappraised to ensure that they operate on the global standard of corporate governance at all times.

### b. Shareholding

The Exchange is a company limited by guarantee and therefore has no shareholding structure.

### c. National Council

The National Council is the governing body of The Exchange. The National Council directs The Exchange's business and financial affairs, strategy, structures and policies; monitors the exercise of any delegated authority; and deals with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

### d. Council Structure

The Council is made up of a President, Chief Executive Officer, five (5) Ordinary members and seven (7) Dealing members. The Chief Executive is responsible for the day to day running of The Exchange, assisted by the Executive Committee (EXCO).

The Council Members who served on the Council during the financial year are as follows:

| NAME                                       | POSITION   |
|--|--|
| Alhaji Aliko Dangote, GCON                 | President (resumed 19 June 2012)                       |
| Mallam Ballama Manu                        | Interim Head of Council (Up to 25/07/12)               |
| Mr. Oscar Onyema                           | Chief Executive Officer (WEF 04/04/11)                 |
| Dr. Oba Otudeko, CFR                       | Ex-Officio (Up to 28/09/12)                            |
| Alhaji Bello M. Maccido                    | Ordinary Member (Up to 25/04/12)                       |
| Mr. Emmanuel Ikazoboh                      | Ordinary Member (Up to 28/09/12)                       |
| Mr. Nsa Harrison                           | Ordinary Member (Up to 28/09/12)                       |
| Mrs. Yemisi Ayeni                          | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| Mr. Abubakar Mahmoud, SAN, OON             | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| Mr. Abimbola Ogunbanjo                     | Ordinary Member (Up to 28/09/12) (Reappointed 31/1/13) |
| Mr. Hassan Usman                           | Ordinary Member (Up to 28/09/12)                       |
| Mr. Bismark Rewane                         | Ordinary Member (Up to 28/09/12)                       |
| Katsina State Inv. & Property Dev. Co. Ltd | Ordinary Member (Up to 25/04/12)                       |
| Mrs. Dorothy Ufot, SAN                     | Ordinary Member (Up to 28/09/12)                       |
| Partnership Investment Company Limited     | Dealing Member (WEF 21/12/2010)                        |
| Reward Investment & Services Limited       | Dealing Member (WEF 21/12/2010)                        |
| WSTC Financial Services Limited            | Dealing Member (WEF 21/12/2010)                        |
| APT Securities and Funds Limited           | Dealing Member (WEF 11/05/2011)                        |
| City-Code Trust & Investment Limited       | Dealing Member (WEF 11/05/2011)                        |
| ICON Stockbrokers Limited                  | Dealing Member (WEF 11/05/2011)                        |
| Stanbic IBTC Stockbrokers Limited          | Dealing Member (WEF 11/05/2011)                        |

The Council meets once in two months and such other times as it is required to so meet to address urgent matters.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### e. Responsibilities of the Council

The Council is responsible for:

- Reviewing and providing guidance for The Exchange's corporate and business strategy, major plans of action and risk policy.
- Review and approval of annual budgets and business plans; setting performance objectives, monitoring implementation and corporate performance.
- Overseeing major capital expenditures, acquisitions and divestitures.
- Monitoring the effectiveness of the governance practices under which The Exchange operates and making appropriate changes as necessary.
- Ensuring the integrity of the Exchange's accounting and financial reporting systems, including the internal audit function and that appropriate systems of control and risk monitoring are in place.
- Providing oversight of senior management.
- Establishment of the various Committees of The Exchange including the terms of reference and review of reports of such Committees to address key areas of the Exchange's business.

### f. Council Committees

The Committees of the National Council were formed for the speedy and efficient functioning of the National Council. The Committees are set up in line with statutory and regulatory requirements and consistent with global best practice.

The Committees have well defined terms of reference and Charters defining their scope of responsibilities in such a way as to avoid overlap of functions.

Below is an overview of the remit of the Committees and their current membership composition.

### i. Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARM") was established by the Council in May 2011 for the purpose of providing reasonable assurance regarding the Council's oversight responsibilities with respect to:

- Monitoring The Exchange's compliance with the operational processes established to ensure protection of the Exchange's resources against waste, malfeasance, and poor value for money;
- Monitoring The Exchange's compliance with the process established for financial reporting; and
- Monitoring compliance with applicable laws and regulations and the Exchange's code of conduct.

The ARM operates in line with formal terms of reference approved by the Council and during the financial year has executed its duties in accordance with these terms of reference with a focus on governance, control and risk management arrangements.



# CORPORATE GOVERNANCE REPORT (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

The membership of the Committee is as follows:

1. Prof. Herbert Onye Orji, OON (Economist), Chairperson
2. Alhaji Garba Kurfi (Accountant)
3. Mr. Ebilate Mac-Yoroki (Accountant)
4. Mr. Henry Olayemi (Financial Analyst)

### ii. Demutualization Committee

This Committee is assigned the function of reviewing and examining the present structure of The Exchange and in that context, examining the legal, regulatory, financial, and legacy issues involved in the demutualization of The Exchange.

The membership of the Committee is as follows:

1. Mrs. Yemisi Ayeni (Economist, Accountant), Chairperson
2. Mr. Oscar Onyema (CEO, NSE)
3. Mr. A. B. Mahmoud, SAN, OON (Legal Practitioner)
4. Mr. Abimbola Ogunbanjo (Legal Practitioner)
5. Mr. Chike Nwanze (Dealing Member, Financial Analyst)

### iii. Disciplinary Committee

This Committee is empowered to hear and adjudicate upon disciplinary matters brought before it in respect of Dealing Members and exercise the disciplinary powers of Council as set forth in the Rules Governing Dealing Members.

The membership of the Committee is as follows:

1. Mr. Chike Nwanze (Financial Analyst), Chairperson
2. Alhaji Garba Kurfi (Accountant)
3. Mr. Ebilate Mac-Yoroki (Accountant)
4. Mr. Henry Olayemi (Financial Analyst)
5. Mr. Abimbola Ogunbanjo (Legal Practitioner)

### iv. Rules and Adjudication Committee

This Committee is charged with the continuous review of The Exchange's rules and regulations and provision of oversight regarding legal and regulatory issues affecting the Exchange.

The membership of the Committee is as follows:

1. Mr. A. B. Mahmoud, SAN, OON (Legal Practitioner), Chairperson
2. Mr. Oscar Onyema (CEO, NSE)
3. Mr. Oladele Sotubo (Economist)
4. Mr. Tofarati Augusto (Accountant)

# CORPORATE GOVERNANCE REPORT (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### v. Technical Committee

This Committee is charged with reviewing The Exchange's technology development, strategic opportunities and plans, and technology operations including security and business continuity measures. The Committee also assists the Council in the execution of its information management risk responsibilities.

Membership of the Committee is as follows:

1. Mr. Aigboje Aig-Imoukhuede, CON (Banker, Legal Practitioner) Chairperson
2. Mr. Oscar Onyema (CEO, NSE)
3. Mr. Victor Ogiemwonyi (Dealing Member, Accountant)
4. Mr. Tofarati Augusto (Dealing Member, Accountant)
5. Mr. Oladele Sotubo (Dealing Member, Economist)

### vi. Governance & Remuneration Committee

This Committee is charged with ensuring that The Exchange complies with good corporate governance policies and practices. The Committee also provides oversight functions over the Exchange's human resource policies.

Membership of the Committee is as follows:

1. Mr. Aigboje Aig-Imoukhuede, CON (Banker, Legal Practitioner) Chairperson
2. Mr. Oladele Sotubo (Economist)
3. Mrs. Yemisi Ayeni (Economist Accountant)
4. Mr. Victor Ogiemwonyi (Accountant)

### vii. MEMART Committee (Ad-Hoc)

This Committee is an ad-hoc committee tasked with the responsibility of ensuring that The Exchange conducts its business in accordance with its Memorandum and Article of Association of The Exchange ("MEMART") and reviewing the MEMART.

Membership of the Committee is as follows:

1. Mr. A.B. Mahmoud, SAN, OON (Legal Practitioner) Chairperson
2. Mr. Oscar Onyema (CEO, NSE)
3. Mr. Victor Ogiemwonyi (Accountant)
4. Alhaji Garba Kurfi (Accountant)
5. Mr. Abimbola Ogunbanjo (Legal Practitioner)

### viii. Finance and General Purpose Committee

This Committee was dissolved on 28 September 2012.

### g. Record of Council and Committee meetings held in 2012

The table below shows the frequency of meetings of the Council, Council Committees and members' attendance at these meetings during the year under review.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

| S/n | Meeting type                          | Date held | Number of Members | Number present |
|-----|---------------------------------------|-----------|-------------------|----------------|
| 1   | National Council Meeting              | 26-Jan-12 | 21                | 15             |
| 2   | National Council Meeting              | 29-Mar-12 | 21                | 15             |
| 3   | National Council Meeting              | 25-Apr-12 | 21                | 17             |
| 4   | National Council Meeting              | 31-May-12 | 19                | 12             |
| 5   | National Council Meeting              | 19-Jun-12 | 19                | 18             |
| 6   | National Council Meeting              | 26-Jul-12 | 18                | 13             |
| 7   | National Council Meeting              | 3-Sep-12  | 18                | 8              |
| 8   | National Council Meeting              | 28-Sep-12 | 9                 | 9              |
| 9   | National Council Meeting              | 18-Dec-12 | 9                 | 9              |
| 10  | Audit and Risk Management Committee   | 16-Feb-12 | 5                 | 2              |
| 11  | Audit and Risk Management Committee   | 5-Jul-12  | 5                 | 4              |
| 12  | Audit and Risk Management Committee   | 19-Jul-12 | 5                 | 4              |
| 13  | Technology Committee                  | 21-Feb-12 | 6                 | 6              |
| 14  | Technology Committee                  | 5-Jul-12  | 6                 | 6              |
| 15  | Demutualization Committee             | 25-Jan-12 | 6                 | 5              |
| 16  | Demutualization Committee             | 19-Mar-12 | 6                 | 5              |
| 17  | Demutualization Committee             | 15-May-12 | 6                 | 6              |
| 18  | Disciplinary Committee                | 9-Feb-12  | 5                 | 5              |
| 19  | Disciplinary Committee                | 17-May-12 | 5                 | 5              |
| 20  | Disciplinary Committee                | 17-Jul-12 | 7                 | 6              |
| 21  | Finance and General Purpose Committee | 24-Jan-12 | 5                 | 5              |
| 22  | Finance and General Purpose Committee | 13-Mar-12 | 5                 | 5              |
| 23  | Finance and General Purpose Committee | 30-May-12 | 5                 | 5              |
| 24  | Finance and General Purpose Committee | 31-May-12 | 5                 | 4              |
| 25  | Finance and General Purpose Committee | 12-Jul-12 | 5                 | 4              |
| 26  | Finance and General Purpose Committee | 25-Sep-12 | 5                 | 4              |
| 27  | Rules and Adjudication Committee      | 28-Feb-12 | 5                 | 4              |
| 28  | Rules and Adjudication Committee      | 25-Apr-12 | 5                 | 4              |
| 29  | Joint sessions- FGP/ARM               | 19-Mar-12 | 10                | 6              |
| 30  | Joint sessions- FGP/TC                | 2-Aug-12  | 9                 | 7              |

### h. Relationship with Members

The Exchange maintains an effective communication with its members, which enables them understand its business, financial condition and operating performance and trends. Apart from the annual report and accounts, proxy statements, we maintain a rich website that provides information on a wide range of issues for all stakeholders.

The Exchange also, from time to time, holds briefing sessions with market operators (stockbrokers, dealers, institutional investors, issuing houses, stock analysts, mainly through investors conference) to update them with the state of its business.

# REPORT OF THE COUNCIL

## FOR THE YEAR ENDED 31 DECEMBER 2012

The Council presents their annual report on the affairs of The Exchange and its subsidiaries (together "the Group"), together with the financial statements and auditors' report for the year ended 31 December, 2012

### a. Legal Form

The Exchange was incorporated in Nigeria as a private company limited by shares on 15 September 1960 as Lagos Stock Exchange and its name was changed to the Nigerian Stock Exchange on 15 December 1977. The Exchange was re-incorporated as a company limited by guarantee on 18 December 1990.

### b. Principal Activities and Business Review

The principal activities of The Exchange are to provide: facilities to the public for the purchase and sale of securities platform for the listing of securities and sale of securities to the public, and market data for sale to the public. The Exchange has three (3) subsidiary companies namely, Naira Properties Limited, Coral Properties Plc and NSE Consult Limited. The Exchange also has Central Securities and Clearing System PLC (CSCS) as an associate company.

### c. Operating Results

Gross earnings of the Group increased by 12.54% and surplus before tax increased by 1,474% respectively. For The Exchange, gross earnings increased by 7% and the surplus before tax reduced by 18%. Highlights of the Group's and The Exchange's operating results for the year under review are as follows:

| <i>In thousands of naira</i>          | Group<br>2012 | Group<br>2011 | Exchange<br>2012 | Exchange<br>2011 |
|---------------------------------------|---------------|---------------|------------------|------------------|
| Gross Earnings:                       | 3,944,231     | 3,546,518     | 3,959,321        | 3,706,927        |
| Surplus/ (deficit) before tax         | 1,181,335     | 262,801       | 513,836          | 629,143          |
| Taxation                              | (28,275)      | (4,504)       | -                | -                |
| Surplus after taxation                | 1,153,060     | 258,297       | 513,836          | 629,143          |
| Non- controlling interest             | -             | -             | -                | -                |
| Surplus attributable to the Group     | 1,153,060     | 258,297       | 513,836          | 629,143          |
| Appropriations:                       |               |               |                  |                  |
| Transfer to Retained Earnings Reserve | 1,153,060     | 258,297       | 513,836          | 629,143          |

### d. Council members' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, none of the existing Council Members had direct or indirect interest in contracts or proposed contracts with The Exchange during the year.

### e. Property and Equipment

Information relating to changes in property and equipment is given in Note 11 to the financial statements. In the opinion of the Council members, the market value of the Group's properties is not less than the value shown in the financial statements.

### f. Council Members responsibilities

The Council Members are responsible for the preparation of financial statements which give a true and fair view of the state of affairs and comply with the Companies and Allied Matters Act CAP C20 LFN 2004. They are obliged to ensure that:

## REPORT OF THE COUNCIL (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

- i. Proper accounting records are maintained;
- ii. Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities;
- iii. Applicable accounting standards are followed;
- iv. Judgments and estimates made are reasonable and prudent;
- v. Suitable accounting policies are adopted and consistently applied; and
- vi. The going concern basis is used, unless it is inappropriate to presume that the Exchange will continue in business.

### g. Post Balance Sheet Events

There were no significant events after the balance sheet date that could affect the reported amount of assets and liabilities as of the balance sheet date.

### h. Human Resources

#### i. Employment of Disabled Persons

The Exchange continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitude. The Exchange's policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into The Exchange's working environment.

#### ii. Health, Safety and Welfare at Work

The Exchange enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Exchange retains top-class private hospitals where medical facilities are provided for staff and their immediate families at The Exchange's expense.

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

The Exchange operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act.

#### iii. Employee Training and Development

The Exchange ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In accordance with The Exchange's policy of continuous development, training facilities are provided in our well-equipped training centers. In addition, employees of The Exchange are nominated to attend both locally and internationally organized courses. These are complemented by on-the-job training.

### I. Auditors

The auditors, Messrs KPMG Professional Services were appointed during the year and have indicated their willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act (CAMA), 1990.

By Order of the Council



Ms. Tinuade Awe  
FRC/2013/NBA/00000001803  
Lagos, Nigeria  
28 March 2013

# STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Council Members accept responsibility for the preparation of the annual financial statements set out on pages 24 to 81 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Council Members further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE NATIONAL COUNCIL BY:



Alhaji Aliko Dangote, GCON  
FRC/2013/IODN/00000001766  
President  
28 March 2013



Mr. Oscar Onyema  
FRC/2013/IODN/00000001802  
Chief Executive Officer  
28 March 2013

# INDEPENDENT AUDITOR'S REPORT

To the Council Members of The Nigerian Stock Exchange

## Report on the Financial Statements

We have audited the accompanying financial statements of The Exchange and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 24 to 81.

## Council Members' Responsibility for the Financial Statements

The Council members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 that give a true and fair view 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 management, 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 audit opinion."

## Opinion

In our opinion, these financial statements give a true and fair view of the financial position of The Exchange and its subsidiaries (together "the Group") as at December 31, 2012, and of the Group and Exchange's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

## Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by The Exchange, so far as appears from our examination of those books. Additionally, the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

**KPMG**

28 March 2013

Lagos, Nigeria

FRC/2012/ICAN/00000000425



# CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

| <i>In thousands of naira</i>   | Note | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 |
|--|------|-------------------------|-------------------------|----------------------------|----------------------------|
| Revenue  | 5    | 3,326,643               | 3,302,205               | 3,326,643                  | 3,302,205                  |
| Revenue  |      | 3,326,643               | 3,302,205               | 3,326,643                  | 3,302,205                  |
| Other income   | 6    | 617,588                 | 244,313                 | 632,678                    | 404,722                    |
| Impairment (loss)/reversal on<br>financial assets                    | 7    | (66,129)                | 197,414                 | (86,322)                   | 515,335                    |
| Fair value gain/(loss) on investment<br>securities                   |      | -                       | (72,915)                | -                          | (716)                      |
| Personnel expenses   | 8    | (1,646,639)             | (1,767,514)             | (1,646,639)                | (1,767,517)                |
| Other expenses   | 9    | (1,740,205)             | (1,910,945)             | (1,712,524)                | (1,824,886)                |
| Net operating expense  |      | (2,835,385)             | (3,309,647)             | (2,812,807)                | (2,673,062)                |
| Operating Surplus/(deficit)  |      | 491,258                 | (7,442)                 | 513,836                    | 629,143                    |
| Share of profit of equity accounted investees<br>(net of income tax) | 15   | 690,077                 | 270,243                 | -                          | -                          |
| Operating Surplus before tax   |      | 1,181,335               | 262,801                 | 513,836                    | 629,143                    |
| Tax expense  | 10   | (28,275)                | (4,504)                 | -                          | -                          |
| Operating Surplus for the year                                       |      | 1,153,060               | 258,297                 | 513,836                    | 629,143                    |
| Other comprehensive income<br>(net of income tax)                    |      | -                       | -                       | -                          | -                          |
| Surplus for the year transferred to<br>Accumulated fund              |      | 1,153,060               | 258,297                 | 513,836                    | 629,143                    |

The accompanying notes form an integral part of these financial statements.

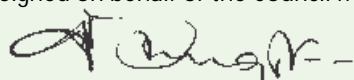


# CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

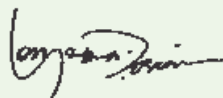
AS AT 31 DECEMBER 2012

| <i>In thousands of naira</i>                | Note | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                               |      |                         |                         |                         |                            |                            |                            |
| Property and equipment                      | 11   | 3,441,234               | 3,660,673               | 3,814,513               | 1,271,778                  | 1,446,526                  | 1,631,264                  |
| Intangible assets                           | 12   | 259,801                 | 594,835                 | 928,967                 | 252,511                    | 590,199                    | 924,331                    |
| Investment properties under<br>construction | 13   | 1,601,593               | 1,601,593               | 1,407,134               | -                          | -                          | -                          |
| Intercompany receivables                    | 14   | -                       | -                       | -                       | 3,607,993                  | 3,514,716                  | 3,457,724                  |
| Investment in associates                    | 15   | 3,793,918               | 3,238,841               | 3,171,098               | 387,804                    | 387,804                    | 387,804                    |
| Investment in subsidiaries                  | 16   | -                       | -                       | -                       | 1,017,950                  | 1,017,700                  | 670,044                    |
| Other investments                           | 17   | 343,041                 | 217,654                 | 290,569                 | -                          | 15,290                     | 16,006                     |
| <b>Total non-current assets</b>             |      | <b>9,439,587</b>        | <b>9,313,596</b>        | <b>9,612,281</b>        | <b>6,538,036</b>           | <b>6,972,235</b>           | <b>7,087,173</b>           |
| Trade, other receivables<br>and prepayments | 18   | 549,102                 | 312,738                 | 347,547                 | 549,102                    | 280,689                    | 314,565                    |
| Other investments                           | 17   | 1,989,408               | 401                     | 401                     | 1,989,408                  | 401                        | 401                        |
| Cash and cash equivalents                   | 19   | 1,129,403               | 2,736,140               | 2,618,447               | 927,799                    | 2,598,065                  | 2,510,946                  |
| <b>Total current assets</b>                 |      | <b>3,667,913</b>        | <b>3,049,279</b>        | <b>2,966,395</b>        | <b>3,466,309</b>           | <b>2,879,155</b>           | <b>2,825,912</b>           |
| <b>Total assets</b>                         |      | <b>13,107,500</b>       | <b>12,362,875</b>       | <b>12,578,676</b>       | <b>10,004,345</b>          | <b>9,851,390</b>           | <b>9,913,085</b>           |
| <b>EQUITY</b>                               |      |                         |                         |                         |                            |                            |                            |
| Accumulated fund                            | 20   | 10,527,590              | 9,374,530               | 9,116,233               | 7,825,749                  | 7,311,913                  | 6,682,770                  |
| <b>Total equity</b>                         |      | <b>10,527,590</b>       | <b>9,374,530</b>        | <b>9,116,233</b>        | <b>7,825,749</b>           | <b>7,311,913</b>           | <b>6,682,770</b>           |
| <b>LIABILITIES</b>                          |      |                         |                         |                         |                            |                            |                            |
| Retirement benefit obligations              | 22   | 162,537                 | 711,853                 | 1,310,391               | 162,537                    | 711,853                    | 1,310,391                  |
| <b>Total non current liabilities</b>        |      | <b>162,537</b>          | <b>711,853</b>          | <b>1,310,391</b>        | <b>162,537</b>             | <b>711,853</b>             | <b>1,310,391</b>           |
| Other liabilities                           | 23   | 2,319,247               | 2,206,641               | 2,086,705               | 2,016,059                  | 1,827,624                  | 1,919,924                  |
| Tax liabilities                             | 24   | 98,126                  | 69,851                  | 65,347                  | -                          | -                          | -                          |
| <b>Total current liabilities</b>            |      | <b>2,417,373</b>        | <b>2,276,492</b>        | <b>2,152,052</b>        | <b>2,016,059</b>           | <b>1,827,624</b>           | <b>1,919,924</b>           |
| <b>Total liabilities</b>                    |      | <b>2,579,910</b>        | <b>2,988,345</b>        | <b>3,462,443</b>        | <b>2,178,596</b>           | <b>2,539,477</b>           | <b>3,230,315</b>           |
| <b>Total equity and liabilities</b>         |      | <b>13,107,500</b>       | <b>12,362,875</b>       | <b>12,578,676</b>       | <b>10,004,345</b>          | <b>9,851,390</b>           | <b>9,913,085</b>           |

Signed on behalf of the Council members by:



Alhaji Aliko Dangote  
FRC/2013/IODN/00000001766  
(President)



Mr. Oscar Onyema  
FRC/2013/IODN/00000001802  
(Chief Executive Officer)



Cyril Egbobo  
FRC/2013/ICAN/00000001736  
(Chief Financial Officer)

*The accompanying notes form an integral part of these financial statements.*



# CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

| The Group                                      |       | Accumulated | Total equity |
|--|-------|-------------|--------------|
| <i>In thousands of naira</i>                   | Note  | funds       |              |
| Balance at 1 January 2011                      | 29(i) | 9,116,233   | 9,116,233    |
| Total comprehensive income for the year:       |       |             |              |
| Surplus for the year                           |       | 258,297     | 258,297      |
| Total comprehensive income/(loss) for the year |       | 258,297     | 258,297      |
| Balance at 31 December 2011                    |       | 9,374,530   | 9,374,530    |
| Total comprehensive income for the year:       |       |             |              |
| Surplus for the year                           |       | 1,153,060   | 1,153,060    |
| Total comprehensive income/(loss) for the year |       | 1,153,060   | 1,153,060    |
| Balance at 31 December 2012                    |       | 10,527,590  | 10,527,590   |

| The Exchange                             |       | Accumulated | Total equity |
|--|-------|-------------|--------------|
| <i>In thousands of naira</i>             | Note  | funds       |              |
| Balance at 1 January 2011                | 29(i) | 6,682,770   | 6,682,770    |
| Total comprehensive income for the year: |       |             |              |
| Surplus for the year                     |       | 629,143     | 629,143      |
| Total comprehensive income/(loss)        |       | 629,143     | 629,143      |
| Balance at 31 December 2011              |       | 7,311,913   | 7,311,913    |
| Total comprehensive income for the year: |       |             |              |
| Surplus for the year                     |       | 513,836     | 513,836      |
| Total comprehensive income/(loss)        |       | 513,836     | 513,836      |
| Balance at 31 December 2012              |       | 7,825,749   | 7,825,749    |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

|  |      | Group              | Group           | Exchange           | Exchange       |
|--|------|--------------------|-----------------|--------------------|----------------|
|  | Note | 31 Dec<br>2012     | 31 Dec<br>2011  | 31 Dec<br>2012     | 31 Dec<br>2011 |
| <i>In thousands of naira</i>                                       |      |                    |                 |                    |                |
| <b>Cash flows from operating activities:</b>                       |      |                    |                 |                    |                |
| Profit/(loss) after tax  |      | 1,153,060          | 258,297         | 513,836            | 629,143        |
| <i>Adjustments for:</i>  |      |                    |                 |                    |                |
| Taxation expense   | 24   | 28,275             | 4,504           | -                  | -              |
| Depreciation of property and equipment                             | 11   | 294,074            | 460,433         | 247,061            | 382,141        |
| Amortization of intangible assets                                  | 12   | 340,228            | 340,398         | 340,228            | 340,398        |
| PPE written off during the year                                    | 11   | (2,992)            | -               | (2,992)            | -              |
| Cost of intangible assets written off                              | 12   | 3,304              | -               | 3,304              | -              |
| Gain on disposal of property and equipment                         | 6    | 274                | (1,399)         | 274                | (1,399)        |
| Loss on investment securities at fair value through profit or loss |      | -                  | 72,915          | -                  | 716            |
| (Reversal of)/ impairment loss on investment in subsidiaries       |      | (15,691)           | (69,350)        | (15,691)           | (347,656)      |
| (Reversal of)/ impairment loss on intercompany receivables         | 14   | -                  | -               | 52,241             | 75,659         |
| (Reversal of)/ impairment loss on trade and other receivables      |      | 35,777             | (197,414)       | 4,959              | (312,687)      |
| Share of profit of equity accounted investee                       | 15   | (690,077)          | (270,243)       | -                  | -              |
| Interest income  | 6    | (228,559)          | (42,883)        | (218,489)          | (39,704)       |
| Dividend income  | 6    | (58,675)           | (671)           | (122,590)          | (202,500)      |
|  |      | 858,998            | 554,587         | 802,141            | 524,111        |
| Change in investment property under construction                   |      | -                  | (194,459)       | -                  | -              |
| Change in intercompany receivables                                 |      | -                  | -               | (145,518)          | (132,651)      |
| Change in trade, other receivables and prepayments                 |      | (272,142)          | 301,572         | (273,371)          | 346,563        |
| Change in retirement benefit obligations                           |      | (549,316)          | (598,538)       | (549,316)          | (598,538)      |
| Change in other liabilities  |      | 112,606            | 119,937         | 188,435            | (92,300)       |
|  |      | 150,146            | 183,099         | 22,371             | 47,185         |
| Income tax paid  | 24   | -                  | -               | -                  | -              |
| <b>Net cash from operating activities</b>                          |      | <b>150,146</b>     | <b>183,099</b>  | <b>22,371</b>      | <b>47,185</b>  |
| <b>Cash flows from investing activities:</b>                       |      |                    |                 |                    |                |
| Investment in subsidiary   | 16   | -                  | -               | (250)              | -              |
| Interest received  | 6    | 228,559            | 42,883          | 218,489            | 39,704         |
| Dividend received  | 6    | 58,675             | 671             | 122,590            | 202,500        |
| Purchase of investments - bonds and treasury bills                 |      | (2,098,703)        | -               | (1,958,026)        | -              |
| Dividend received from associate                                   | 15   | 135,000            | 202,500         | -                  | -              |
| Acquisition of property and equipment                              | 11   | (81,401)           | (316,513)       | (79,081)           | (207,323)      |
| Proceeds from the sale of property and equipment                   |      | 9,485              | 11,319          | 9,485              | 11,319         |
| Acquisition of intangible assets                                   | 12   | (8,498)            | (6,266)         | (5,844)            | (6,266)        |
| <b>Net cash used in investing activities</b>                       |      | <b>(1,756,883)</b> | <b>(65,406)</b> | <b>(1,692,637)</b> | <b>39,934</b>  |
| <b>Net increase in cash and cash equivalents</b>                   |      | <b>(1,606,737)</b> | <b>117,693</b>  | <b>(1,670,266)</b> | <b>87,119</b>  |
| Cash and cash equivalents at the beginning of the reporting year   |      | 2,736,140          | 2,618,447       | 2,598,065          | 2,510,946      |
| Cash and cash equivalents at end of year                           | 19   | 1,129,403          | 2,736,140       | 927,799            | 2,598,065      |

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

## 1. Reporting Entity

The Exchange is a company domiciled in Nigeria. It was incorporated in Nigeria as a private company limited by shares on 15 September 1960 as Lagos Stock Exchange and its name was changed to The Nigerian Stock Exchange on 15 December 1977. The Exchange was re-incorporated as a company limited by guarantee on 18 December 1990. The address of The Exchange's registered office is Stock Exchange House, 2/4 Customs Street, Lagos. The consolidated financial statements of The Exchange as at and for the year ended 31 December 2012 comprise The Exchange and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The principal activity of the Exchange is to provide facilities to the public for the purchase and sale of securities of any kind.

## 2. Summary of Significant Accounting Policies

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements and in preparing an opening IFRSs statement of financial position at 1 January 2011 for purposes of the transition to IFRS. The accounting policies have been applied consistently by Group entities.

### 2.1 Basis of preparation

#### (a) Statement of Compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Group's first consolidated 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 cash flows of the Group is provided in note 29.

The financial statements were authorized for issue by the Council on 28 March 2013.

#### (b) Basis of Measurement

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

- assets and liabilities held for trading are measured at fair value;
- financial instruments designated at fair value through profit or loss are measured at fair value;

#### (c) Functional and Presentation Currency

These consolidated and separate financial statements are presented in Nigerian naira, which is The Exchange's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

#### (d) Use of Estimates and Judgments

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

|         |   |
|---------|---|
| Note 16 | - Investment in subsidiaries              |
| Note 18 | - Trade, other receivables and prepayment |
| Note 25 | - Contingent liabilities                  |

### 2.2 Basis of Consolidation

#### (a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporates the assets, liabilities and results of; NSE Consult Limited, Coral Properties Plc and Naira Properties Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (b) Loss of Control

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (c) Investments in Associates (equity-accounted investees)

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method at the Group level (equity-accounted investees) and are recognized initially at cost, which includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

#### (d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 2.3 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective as at the date of issuance of these financial statements, and though early adoption is permitted, have not been applied in preparing these financial statements. NSE Group intends to adopt them when they become effective and though none of these is expected to have a significant effect on the financial statements of the Group, the Group will consider their impact on its financial statements prepared subsequent to adoption.

These new standards, amendments to standards and interpretations have been enumerated below:

#### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.

All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognized within other comprehensive income. IFRS 9 will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined. It is effective for annual periods beginning on or after 1 January 2015.

#### *IFRS 10 Consolidated Financial Statements*

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective for annual periods beginning on or after 1 January 2013.

#### *IFRS 11 Joint Arrangements*

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control that exists may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013.

#### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgments made to determine whether it controls another entity. IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11.

#### *IFRS 13 Fair Value Measurement*

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure on fair value measurements. It is applicable for all assets and liabilities that require a fair value based on IFRS. Disclosures for fair values are extended. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### *IAS 1 Presentation of Financial Statements*

IAS 1 addresses changes in the presentation of other comprehensive income. The amended standard emphasizes that profit or loss and other comprehensive income should be grouped together, i.e. either as a single "statement of profit or loss and comprehensive income", or as a separate "statement of profit or loss" and a "statement of comprehensive income". This standard is applicable for annual periods beginning on or after 1 July 2012, with early adoption permitted.

### *IAS 19 Employee benefits*

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognized in the period as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognized past service costs are recognized directly in other comprehensive income. Therefore, actuarial gains and losses are no longer deferred, thereby affecting both the net defined benefit liability/asset and the amounts recognized in profit or loss. The amended standard splits changes in defined benefit liabilities/assets in:

- Service cost (including past service costs, curtailments and settlements) – in profit or loss;
- Net interest costs (i.e. net interest on the net defined benefit liability) – in profit or loss;
- Remeasurement of the defined benefit liability/asset – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013.

In October 2010, IFRS 7 Financial Instruments: Disclosures was amended to enhance the derecognition disclosure requirements for transfer transactions of financial assets. This amendment is effective for periods beginning on or after 1 July 2011. The Group expects no significant impact from the adoption of the amendments on its financial position or performance in 2012.

### *Improvements to IFRS*

Amendments resulting from improvements to the following IFRSs did not have a material impact on the accounting policies, financial position or performance of NSE Group during this financial year:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

### 2.4 Foreign currency translations

Transactions in foreign currencies are translated into the functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period using the rates prevalent at the beginning, adjusted for effective interest and payments during the period, and the amortized cost in the functional currency translated at the exchange rate at the end of the period.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of available-for-sale equity instruments.

### 2.5 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins in hand, deposits held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

### 2.6 Financial assets and liabilities

#### (I) Recognition and Initial Measurement

The Group initially recognizes its financial assets and liabilities (including assets and liabilities designated at fair value through profit and loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

#### (ii) Subsequent Measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortized cost, depending on their classification:

#### (iii) Classification

##### (a) Held-to-maturity investments

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortized cost, using the effective interest method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments to available-for-sale financial instruments, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### (b) Financial Assets and Liabilities Held at Fair Value Through Profit or Loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception.

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Derivatives are also categorized as trading unless they are designated as hedges.

Financial assets and liabilities are designated at fair value through profit or loss when:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains and losses arising from changes therein are recognized in the income statement in 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

### (c) Available-for-Sale Investments

Available-for-sale investments are non-derivative investments that were designated by the Group as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in the profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss.

Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Investment securities are accounted for depending on their classification as either financial assets through profit or loss, available-for-sale financial assets or held-to-maturity investments.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

(d) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement, it transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease and recognized and presented within loans and receivables.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

The use of market rates in the measurement of loans issued at below-market rate increases the Group's operating expenses and the balance on the loans and receivable account.

In case the financial instrument is denominated in a currency other than the functional currency of the reporting entity, foreign exchange translation differences is recognized in profit and loss.

(e) Other Financial Liabilities

Other financial liabilities, besides those held at fair value through profit or loss are measured at amortized cost.

(iv) Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(v) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets. Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognized to the extent that they relate to changes in factors that market participants will consider in setting price.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

(vi) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vii) Derecognition of Financial Instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the balance sheet. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(2.7) Impairment of Financial Assets

(i) Assets carried at amortized cost

The Group assesses at each balance sheet date 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 incurred 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 assets (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 following factors are considered in assessing objective evidence of impairment:

- Payment defaults.
- Renegotiation of terms of the financial asset due to financial difficulty of the investee company.
- Disappearance of an active market for an asset due to financial difficulties.

The impairment loss is recognized as the difference between the carrying amount of the financial assets and the recoverable amount (being the present value of the estimated cash flows discounted at the original effective rate of interest). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### (ii) Available-for-Sale Financial Assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been re-measured to fair value directly through equity, is impaired, the impairment loss is recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to profit or loss and is recognized as part of the impairment loss. The amount of the loss recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

### (2.8) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 2.9 Property and Equipment

#### (i) Recognition and Measurement

Items of property and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment and each component is depreciated separately. Changes to an existing item of property or equipment are added to or deducted from the cost of the related asset and depreciated prospectively over the remaining useful life of the asset.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in profit or loss.

#### (ii) Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-today servicing of property and equipment are recognized in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Depreciation on leasehold land is recognized in profit or loss on a straight-line basis over the unexpired lease period.

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

|                                 |   |
|---------------------------------|---|
| Leasehold improvements          | Over the shorter of the useful life of item or lease period |
| Buildings                       | 50 years  |
| Land                            | Over the lease period                                       |
| Computer hardware & equipment   | 3-5 years   |
| Furniture, fittings & equipment | 5 years   |
| Motor vehicles                  | 4 years   |

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if applicable.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

## (iv) Derecognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

## 2.10 Intangible Assets

### (I) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of equity-accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

### (ii) Software

Purchased software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. The capitalized costs of internally developed software or separately acquired software include all costs directly attributable to developing and purchasing the software respectively and capitalized borrowing costs, and are amortized over its useful life.

Software is stated at capitalized cost less accumulated amortization and impairment. Subsequent expenditure of software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that is available for use since this most reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years.

The amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## 2.11 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

### 2.12 Employee Benefits

#### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as employee benefit expenses in profit or loss in the years in which the services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the year in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2004. The employer and the employee contributions are 7.5% each of the qualifying employee's salary. Obligations in respect of the Group's contributions to the scheme are recognized as an expense in the profit and loss account on an annual basis.

#### (ii) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 2.13 Share Capital and Reserves

#### (i) Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

### 2.14 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

### 2.15 Determination of fair values

#### Investments in Equity Securities

The fair value of financial assets at fair value through profit or loss financial assets is determined by reference to their quoted closing bid price at the reporting date.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

## 2.16 Contingencies

### (a) Contingent Asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realization of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statement.

### (b) Contingent Liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognized, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

## 2.17 Revenue and Other Income

### (i) Revenue

Revenue comprises listing fees, entrance fees, transaction levies and trading levies.

Revenue from fees and levies earned is recognized based on the period of time of the particular service or transaction. Any upfront fees or payment for services that are rendered over a period of time is treated as prepayment and recognized over the required period.

### (ii) Other Income

Other fees and income are recognized as the related services are performed.

Rental income from investment property leased is recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income or net income from other financial instruments at fair value through profit and loss based on the underlying classification of the equity investment. Dividends on equity instruments designated at fair value through other comprehensive income are presented in other revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is presented in other comprehensive income.



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### (iii) Interest

Interest income is recognized in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income presented in the income statement includes interest on financial assets at amortized cost on an effective interest basis. Interest income and expenses on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

### 2.18 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

#### (i) Current Tax

Current tax is the expected tax payable on taxable income or loss for the year determined in accordance with the Companies Income tax Act (CITA), using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### (ii) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

The Federal Board of Inland Revenue upheld that the income of The Exchange is not liable to tax since it is a company limited by guarantee.

### 2.19 Investment Properties Under Construction

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

### 3 Risk Management Framework

Fundamental to the business activities and growth of The Exchange is a strong risk management practice which is at the core of The Exchange's Transformation drive. The Council has overall responsibility for the establishment and oversight of the Group's risk management framework. The Council has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to Council on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the Internal Audit Department, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

The Group is exposed to the following risks as a result of its business operations:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Exchange has exposure to credit risk as it routinely executes transactions with counterparties which comprise mainly of listed entities, banks and other financial institutions, brokers and dealers.

(a) Exposure to Credit Risk

The Groups exposure to credit risk is influenced mainly by the characteristics of the counterparties. Management considers the default risk of the industry in which the counterparty operates based on economic factors as this may have an influence on credit risk.

The Group is exposed to credit risk on its trade receivable balances due from counterparties which include listed firms, brokers and dealers. During 2012, approximately 8% (2011: 9%) of the Group's revenue was attributable to trade receivable balances. The Group has adopted a strategy of employing an independent debt recovery agent for all outstanding receivables. The carrying amount of this financial asset which represents the maximum exposure to credit risk at the reporting date was as follows:

| <i>In thousands of Naira</i> | Note  | Group                   |           | Exchange                |           |
|------------------------------|-------|-------------------------|-----------|-------------------------|-----------|
|                              |       | Carrying amount<br>2012 | 2011      | Carrying amount<br>2012 | 2011      |
| Trade and other receivables  | 14,18 | 549,102                 | 312,738   | 4,157,095               | 3,795,405 |
| Cash and cash equivalents    | 19    | 1,129,403               | 2,736,140 | 927,799                 | 2,598,065 |
| Other investments            | 17    | 2,332,449               | 218,055   | 1,989,408               | 15,691    |

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows

| <i>In thousands of Naira</i>   | Group       | Exchange    |
|--------------------------------|-------------|-------------|
| Balance as at 1 January 2011   | (3,003,087) | (3,103,717) |
| Impairment loss recognized     | (89,066)    | (118,801)   |
| Amounts written off            | 355,829     | 355,829     |
| Balance as at 31 December 2011 | (2,736,324) | (2,866,689) |
| Impairment loss recognized     | (35,776)    | (57,200)    |
| Amounts written off            | -           | -           |
| Balance as at 31 December 2012 | (2,772,100) | (2,923,889) |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

At 31 December 2010 an impairment loss of N1,480,065,000 was recognized in respect of deferred recovery of bonuses paid to Ex-Council members of The Exchange. The amount is the subject of a litigation on account of a dispute over the basis of payment. The Exchange has fully impaired the amount subject to recovery of the receivable in a future period which will be recognized on a cash basis. The remainder of the impairment loss at 31 December 2012 relates to other receivables from listed firms, staff debtors and amounts due from NSE/CSCS Multipurpose Cooperative Society with balances that are unlikely to be recovered mainly due to economic reasons.

(b) Held to Maturity Investments (HTM)

The Group limits its exposure to credit risk by investing only in liquid money market instruments with counterparties that have a minimum credit rating of B from at least 2 reputable rating agencies such as Agosto & Co., Standard & Poors, and Global Credit Ratings. Management actively monitors credit ratings and ensures that the Group has only made investment in line with the Investment Policy Manual as approved by Council which provides investment in Short Term Fixed Deposit Placement with Local Banks, Federal Government Treasury Bills, and Federal Government (3 year) Bonds in a mix of 20:60:20.

The Group held HTM investments of N1,989,408,000 at 31 December 2012 (2011: N401,000) which represents its maximum credit exposure on these assets. The investments are held in treasury bills and short term deposit placement with local banks which are rated "BB" based on Standard & Poors ratings.

The Group did not have any Held to Maturity Investment that were impaired as at 31 December 2012.

(c) Cash and Cash Equivalents

The Group held cash and cash equivalents of N1.13 billion at 31 December 2012 (2011: N2.73 Billion) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local and foreign banks which are rated "BB" based on Standard & Poors ratings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses Monthly Management Account reporting, which assists in monitoring cash flow requirements and optimizing its cash return on investments. The Group also prepares weekly cash flow reports, analyzing its liquidity position. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities and commitments.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

## Maturity Analysis- Group

| <i>In thousands of Naira</i>   | 30 days or<br>Less | 31 - 60<br>days | 61- 90<br>days | 91 days or<br>more | Total            |
|--------------------------------|--------------------|-----------------|----------------|--------------------|------------------|
| <i>Financial assets</i>        |                    |                 |                |                    |                  |
| Trade and other<br>receivables | -                  | -               | 549,100        | -                  | 549,100          |
| Other investments              | 500,000            | 250,000         | 100,000        | 1,482,449          | 2,332,449        |
| Cash and cash equivalents      | 437,041            | 692,362         | -              | -                  | 1,129,403        |
| <b>Total</b>                   | <b>937,041</b>     | <b>942,362</b>  | <b>649,100</b> | <b>1,482,449</b>   | <b>4,010,952</b> |
| <i>Financial liabilities</i>   |                    |                 |                |                    |                  |
| Retirement benefit obligations | 41,438             | -               | -              | 121,099            | 162,537          |
| Other liabilities              | -                  | -               | -              | 2,319,165          | 2,319,165        |
| <b>Total</b>                   | <b>41,438</b>      | <b>-</b>        | <b>-</b>       | <b>2,440,264</b>   | <b>2,481,702</b> |

## Maturity Analysis- The Exchange

| <i>In thousands<br/>of Naira</i> | 30 days or<br>Less | 31 - 60<br>days | 61- 90<br>days | 91 days or<br>more | Total            |
|----------------------------------|--------------------|-----------------|----------------|--------------------|------------------|
| <i>Financial assets</i>          |                    |                 |                |                    |                  |
| Intercompany receivable          | -                  | -               | -              | 3,607,993          | 3,607,993        |
| Trade and other<br>receivables   | -                  | -               | 549,102        | -                  | 549,102          |
| Other investments                | 500,000            | 250,000         | 100,000        | 1,139,408          | 1,989,408        |
| Cash and cash equivalents        | 350,610            | 577,189         | -              | -                  | 927,799          |
| <b>Total</b>                     | <b>850,610</b>     | <b>827,189</b>  | <b>649,102</b> | <b>4,747,401</b>   | <b>7,074,302</b> |
| <i>Financial liabilities</i>     |                    |                 |                |                    |                  |
| Retirement benefit obligations   | 41,438             | -               | -              | 121,099            | 162,537          |
| Other liabilities                | -                  | -               | -              | 2,016,059          | 2,016,059        |
| <b>Total</b>                     | <b>41,438</b>      | <b>-</b>        | <b>-</b>       | <b>2,137,158</b>   | <b>2,178,596</b> |

### (iii) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the 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 optimizing the return.

### (a) Currency Risk

These risks arise as a result of changes in the fair value of financial instruments as a result of changes in foreign exchange rates.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

At 31 December 2012, the Group was exposed to currency risk primarily as a result of its exposures which stood at \$163,008 and £68,553 in cash balances. The Group is also exposed to currency risk due to purchases that are denominated in a currency other than its functional currency, 'the Naira'. These transactions primarily relate to the New Trading Platform for The Exchange which is due for completion in the second quarter of 2013.

The following significant exchange rates applied during the year

|     | Average Rate |         | Reporting Date Spot Rate |        |
|-----|--------------|---------|--------------------------|--------|
|     | 2012         | 2011    | 2012                     | 2011   |
| USD | 155.735      | 152.435 | 155.27                   | 156.2  |
| GBP | 247.465      | 236.835 | 251.06                   | 241.56 |

The group incurred a total interest rate evaluation loss of N2,587,278 in 2012 (2011: N1,521,539 gain)

(b) Equity Investment Risk

This risks arises from equity price changes caused by listed and unlisted investments. At 31 December 2012, the Group was exposed to equity investment risk as a result of its exposures which stood at N253,041,000 (2011: N217,654,000) in held for trading financial assets. These assets are investments in equity securities that otherwise would have been classified as available for sale. Diminution in market value of quoted equities was nil in 2012 (2011: N72,915,000) which was recognized in the income statement. In a bid to further reduce exposure to equity risks and independence of the market, the Group has adopted a strategy to divest from all its quoted investments.

(iv) Operational Risk

Operational risk is the risk that the Group would suffer a loss as a result of inadequate or failed processes, people and systems (including information technology and infrastructure) or from external events.

The Group's approach to managing operational risk is to adopt practices that are fit for the purpose, to increase the efficiency and effectiveness of the Group's resources, minimize losses and utilize opportunities. The Council has the ultimate responsibility to put in place a framework of policies and procedures to identify, assess, monitor, control and report such risks as well as adopt sound practices recommended by the Securities and Exchange Commission including the pronouncements from the Central Bank of Nigeria, National Insurance Commission and other regulators of listed firms.

Key to the Group's transformation agenda is the objective of attracting issuers of capital and investors (both local and foreign) to a fair and efficient market managed by competent and dedicated professionals and using the latest technology in order to aid capital formation in Nigeria.

It is important to note that the continued success of the Group is dependent on technology deployed to support its operations. As a result, The Group has made significant investments in various software and platforms in order to enhance efficiency of operations. A total sum of N 271 million was spent during the year on the development of a new trading platform for the Exchange. The project is expected to be completed during the second quarter of 2013 at an estimated cost of N1.6 billion. It is however important to note that a failure in the smooth transition to the new trading platform as a result of unforeseen technical difficulties could adversely affect the business operations and have a negative impact on the Group's reputation.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 4. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- Regulatory Services - Regulating the activities of all stock broking firms in Nigeria while providing them with the facilities for the purchase and sale of bonds, stocks and shares of any kind.
- Consultancy services - Providing consultancy, financial advisory & analysis and investment services to the private and public sectors of Nigeria.
- Property management - Providing property letting and property management services to the members of the public.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

#### Information about reportable segments

| <i>In thousands of Naira</i>                  | Regulatory services<br>2012 | Regulatory services<br>2011 | Consultancy service<br>2012 | Consultancy service<br>2011 | Property management<br>2012 | Property management<br>2011 | Total<br>2012    | Total<br>2011    |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------|------------------|
| External revenues                             | 3,326,643                   | 3,302,205                   | -                           | -                           | -                           | -                           | 3,326,643        | 3,302,205        |
| Other revenue                                 | 414,983                     | 361,552                     | 83,766                      | 671                         | 75,990                      | 38,241                      | 574,740          | 400,464          |
| <b>Total revenue</b>                          | <b>3,741,626</b>            | <b>3,663,757</b>            | <b>83,766</b>               | <b>671</b>                  | <b>75,990</b>               | <b>38,241</b>               | <b>3,901,383</b> | <b>3,702,669</b> |
| Interest revenue                              | 218,489                     | 38,084                      | 1,550                       | 890                         | 8,520                       | 2,289                       | 228,559          | 41,263           |
| Expenses                                      |                             |                             |                             |                             |                             |                             |                  |                  |
| Personnel expenses                            | (1,646,639)                 | (1,767,514)                 | -                           | -                           | -                           | -                           | (1,646,639)      | (1,767,514)      |
| Dividend from Associate                       | (135,000)                   | (202,500)                   | -                           | -                           | -                           | -                           | (135,000)        | (202,500)        |
| Other expenses                                | (1,798,845)                 | (1,486,678)                 | (2,547)                     | (2,714)                     | (55,652)                    | (291,968)                   | (1,857,044)      | (1,781,360)      |
|   | 379,631                     | 245,149                     | 82,769                      | (1,153)                     | 28,857                      | (251,438)                   | 491,258          | (7,442)          |
| Share of profit of equity accounted investees | 690,077                     | 270,243                     | -                           | -                           | -                           | -                           | 690,077          | 270,243          |
| <b>Operating Surplus before tax</b>           | <b>1,069,708</b>            | <b>515,392</b>              | <b>82,769</b>               | <b>(1,153)</b>              | <b>28,857</b>               | <b>(251,438)</b>            | <b>1,181,335</b> | <b>262,801</b>   |
| Income tax expense                            | -                           | -                           | (26,487)                    | (9)                         | (1,789)                     | (4,495)                     | (28,275)         | (4,504)          |
| <b>Operating Surplus after tax</b>            | <b>1,069,708</b>            | <b>515,392</b>              | <b>56,282</b>               | <b>(1,162)</b>              | <b>27,068</b>               | <b>(255,933)</b>            | <b>1,153,060</b> | <b>258,297</b>   |
| <b>Assets &amp; Liabilities</b>               |                             |                             |                             |                             |                             |                             |                  |                  |
| Reportable segment assets                     | 8,739,236                   | 8,606,521                   | 377,153                     | 246,274                     | 3,991,109                   | 3,510,080                   | 13,107,498       | 12,362,875       |
| Reportable segment liabilities                | 2,128,751                   | 2,676,660                   | 147,849                     | 105,409                     | 303,310                     | 206,276                     | 2,579,910        | 2,988,345        |

#### Geographical segment

Nigeria is The Exchange's primary geographical segment as all the Exchange's income is derived in Nigeria. Accordingly, no further geographical segments information is reported.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 5 Revenue

| <i>In thousands of naira</i> | Group<br>2012    | Group<br>2011    | Exchange<br>2012 | Exchange<br>2011 |
|------------------------------|------------------|------------------|------------------|------------------|
| Listing fees                 | 383,747          | 526,753          | 383,747          | 526,753          |
| Entrance levy                | 799,000          | 690,119          | 799,000          | 690,119          |
| Transaction Levy             | 1,871,360        | 1,853,789        | 1,871,360        | 1,853,789        |
| Other fees                   | 272,536          | 231,544          | 272,536          | 231,544          |
|                              | <u>3,326,643</u> | <u>3,302,205</u> | <u>3,326,643</u> | <u>3,302,205</u> |

## 6 Other Income

| <i>In thousands of naira</i>                             | Group<br>2012  | Group<br>2011  | Exchange<br>2012 | Exchange<br>2011 |
|--|----------------|----------------|------------------|------------------|
| Sundry income  | 303,780        | 160,536        | 291,099          | 160,536          |
| Rental income  | 26,074         | 38,241         | -                | -                |
| Investment income  | 228,559        | 42,883         | 218,489          | 39,704           |
| Dividend income  | 58,675         | 671            | 122,590          | 202,500          |
| Insurance claims   | 774            | 583            | 774              | 583              |
| Net gain/(loss) on disposal<br>of property and equipment | (274)          | 1,399          | (274)            | 1,399            |
|  | <u>617,588</u> | <u>244,313</u> | <u>632,678</u>   | <u>404,722</u>   |

## 7 Impairment (Loss)/Reversal on Assets

| <i>In thousands of naira</i>                                  | Group<br>2012 | Group<br>2011    | Exchange<br>2012 | Exchange<br>2011 |
|---|---------------|------------------|------------------|------------------|
| Financial assets  |               |                  |                  |                  |
| Impairment charge/(reversal) on investment in<br>subsidiaries | -             | -                | -                | (347,656)        |
| Impairment charge/(reversal) on other assets                  | 50,438        | 89,065           | 70,631           | 118,800          |
| Impairment charge/(reversal) on other investments             | 15,691        | -                | 15,691           | -                |
| Non financial assets  |               |                  |                  |                  |
| Impairment charge/(reversal) on other assets                  | -             | (286,479)        | -                | (286,479)        |
|   | <u>66,129</u> | <u>(197,414)</u> | <u>86,322</u>    | <u>(515,335)</u> |



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 8. Personnel Expenses

| <i>In thousands of naira</i>                | Group<br>2012 | Group<br>2011 | Exchange<br>2012 | Exchange<br>2011 |
|---|---------------|---------------|------------------|------------------|
| Wages and salaries                          | 1,396,885     | 1,297,731     | 1,396,885        | 1,297,734        |
| Contributions to defined contribution plans | 249,754       | 469,783       | 249,754          | 469,783          |
|   | 1,646,639     | 1,767,514     | 1,646,639        | 1,767,517        |

## 9. Other Expenses

| <i>In thousands of naira</i>               | Group<br>2012 | Group<br>2011 | Exchange<br>2012 | Exchange<br>2011 |
|--|---------------|---------------|------------------|------------------|
| Repairs and Maintenance                    | 117,959       | 251,675       | 117,959          | 202,310          |
| Council member's remuneration              | 37,543        | 40,744        | 37,543           | 40,244           |
| Professional fees                          | 193,586       | 179,341       | 192,341          | 171,986          |
| Insurance                                  | 36,988        | 41,972        | 36,988           | 41,972           |
| Travelling expenses                        | 80,166        | 121,955       | 80,166           | 121,955          |
| Rent and rates                             | 37,354        | 392           | 87,270           | 72,987           |
| Stationery, library and fact book expenses | 7,128         | 45            | 7,128            | 45               |
| Subscriptions                              | 55,232        | 19,649        | 55,232           | 19,649           |
| Depreciation and amortization              | 634,302       | 800,831       | 587,289          | 722,539          |
| General expenses                           | 539,947       | 454,341       | 510,608          | 431,199          |
|  | 1,740,205     | 1,910,945     | 1,712,524        | 1,824,886        |

## 10. Income tax expense

| <i>In thousands of naira</i>    | Group<br>2012 | Group<br>2011 | Exchange<br>2012 | Exchange<br>2011 |
|---------------------------------|---------------|---------------|------------------|------------------|
| Current tax expense             |               |               |                  |                  |
| Current year:                   |               |               |                  |                  |
| Companies Income Tax            | 26,620        | 3,755         | -                | -                |
| Education Tax                   | 1,655         | 749           | -                | -                |
| Deferred tax expense            | 28,275        | 4,504         | -                | -                |
| Charge/(credit) during the year | -             | -             | -                | -                |
| Total tax expense               | 28,275        | 4,504         | -                | -                |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### Reconciliation of effective tax rate

| <i>In thousands of naira</i>       | Group<br>2012 | 2012    | Group<br>2011 | 2011     |
|------------------------------------|---------------|---------|---------------|----------|
| Profit/(Loss) before tax           | 2%            | 28,275  | 2%            | 4,504    |
| Non-deductible expenses            | -1%           | (7,015) | -31%          | (81,312) |
| Education tax and minimum tax levy | 0%            | (3,444) | 0%            | (749)    |
| Tax exempt income                  | 28%           | 336,584 | 0%            |          |
|                                    | 30%           | 354,400 | -30%          | (77,557) |

(a) No tax charge has been computed for The Exchange because the income of The Exchange is not liable to tax since it is a company limited by guarantee.

### 11 Property and equipment

| <i>In thousands of naira</i> | Leasehold<br>Land and<br>Buildings | Building<br>Improvements | Office<br>Equipment | Motor<br>vehicle | Computer<br>Equipment | Furniture,<br>fixtures &<br>fittings | Total |
|------------------------------|------------------------------------|--------------------------|---------------------|------------------|-----------------------|--------------------------------------|-------|
|------------------------------|------------------------------------|--------------------------|---------------------|------------------|-----------------------|--------------------------------------|-------|

#### (a) The Group

##### Cost or deemed cost

|                             |           |           |         |           |         |         |           |
|-----------------------------|-----------|-----------|---------|-----------|---------|---------|-----------|
| Balance at 1 January 2011   | 2,239,568 | 1,108,019 | 313,968 | 256,353   | 557,979 | 112,946 | 4,588,833 |
| Additions                   | 109,190   | -         | 6,714   | 149,135   | 16,593  | 34,881  | 316,513   |
| Disposals                   | -         | -         | -       | (118,270) | -       | -       | (118,270) |
| Balance at 1 January 2012   | 2,348,758 | 1,108,019 | 320,682 | 287,218   | 574,572 | 147,827 | 4,787,076 |
| Additions                   | 2,320     | 2,233     | 11,385  | 42,895    | 6,089   | 16,479  | 81,401    |
| Disposals                   | -         | -         | (163)   | (41,425)  | -       | -       | (41,588)  |
| Transfers/ write offs       | -         | -         | 3,364   | -         | (320)   | (52)    | 2,992     |
| Balance at 31 December 2012 | 2,351,078 | 1,110,252 | 335,268 | 288,688   | 580,341 | 164,254 | 4,829,881 |

##### Depreciation and impairment losses

|                             |         |         |         |           |         |         |           |
|-----------------------------|---------|---------|---------|-----------|---------|---------|-----------|
| Balance at 1 January 2011   | 56,319  | 66,481  | 162,119 | 167,901   | 323,873 | (2,373) | 774,320   |
| Depreciation for the year   | 78,292  | 22,161  | 75,280  | 81,819    | 112,323 | 90,558  | 460,433   |
| Impairment loss reversed    | -       | -       | -       | -         | -       | -       | -         |
| Disposals                   | -       | -       | -       | (108,350) | -       | -       | (108,350) |
| Balance at 1 January 2012   | 134,611 | 88,642  | 237,399 | 141,370   | 436,196 | 88,185  | 1,126,403 |
| Depreciation for the year   | 47,013  | 22,164  | 63,895  | 41,060    | 102,318 | 17,624  | 294,074   |
| Disposals                   | -       | -       | (163)   | (31,829)  | -       | -       | (31,992)  |
| Transfers                   | -       | -       | 27      | 162       | (27)    | -       | 162       |
| Balance at 31 December 2012 | 181,624 | 110,806 | 301,158 | 150,763   | 538,487 | 105,809 | 1,388,647 |

##### Carrying amounts

|                     |           |           |         |         |         |         |           |
|---------------------|-----------|-----------|---------|---------|---------|---------|-----------|
| At 1 January 2011   | 2,183,249 | 1,041,538 | 151,849 | 88,452  | 234,106 | 115,319 | 3,814,513 |
| At 1 January 2012   | 2,214,147 | 1,019,377 | 83,283  | 145,848 | 138,376 | 59,642  | 3,660,673 |
| At 31 December 2012 | 2,169,454 | 999,446   | 34,110  | 137,925 | 41,854  | 58,445  | 3,441,234 |

(i) Included in property and equipment is leasehold land and building which has been accounted for as a finance lease in line with the amendment to IAS 17 Lease.

(ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year. Rather, the initial direct costs associated with leased assets have been capitalized.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

|   | Building<br>Improvements | Office<br>Equipment | Motor<br>vehicle | Computer<br>Equipment | Furniture,<br>fixtures &<br>fittings | Total     |
|---|--------------------------|---------------------|------------------|-----------------------|--------------------------------------|-----------|
| <b>(b) The Exchange</b>                   |                          |                     |                  |                       |                                      |           |
| <b>Cost or deemed cost</b>                |                          |                     |                  |                       |                                      |           |
| Balance at 1 January 2011                 | 1,108,019                | 310,551             | 252,109          | 557,979               | 112,564                              | 2,341,222 |
| Additions                                 | -                        | 6,714               | 149,135          | 16,593                | 34,881                               | 207,323   |
| Disposals                                 | -                        | -                   | (118,270)        | -                     | -                                    | (118,270) |
| Balance at 1 January 2012                 | 1,108,019                | 317,265             | 282,974          | 574,572               | 147,445                              | 2,430,275 |
| Additions                                 | 2,233                    | 11,385              | 42,895           | 6,089                 | 16,479                               | 79,081    |
| Disposals                                 | -                        | (163)               | (41,425)         | -                     | -                                    | (41,588)  |
| Transfers/write-offs                      | -                        | 3,364               | -                | (320)                 | (52)                                 | 2,992     |
| Balance at 31 December 2012               | 1,110,252                | 331,851             | 284,444          | 580,341               | 163,872                              | 2,470,760 |
| <b>Depreciation and impairment losses</b> |                          |                     |                  |                       |                                      |           |
| Balance at 1 January 2011                 | 66,481                   | 158,702             | 163,657          | 323,873               | (2,755)                              | 709,958   |
| Depreciation for the year                 | 22,161                   | 75,281              | 81,819           | 112,323               | 90,557                               | 382,141   |
| Disposals                                 | -                        | -                   | -                | -                     | -                                    | -         |
| Transfers/write-offs                      | -                        | -                   | (108,350)        | -                     | -                                    | (108,350) |
| Balance at 1 January 2012                 | 88,642                   | 233,983             | 137,126          | 436,196               | 87,802                               | 983,749   |
| Depreciation for the year                 | 22,164                   | 63,895              | 41,060           | 102,318               | 17,624                               | 247,061   |
| Disposals                                 | -                        | (163)               | (31,829)         | -                     | -                                    | (31,992)  |
| Transfers/write-offs                      | -                        | 27                  | 164              | (27)                  | -                                    | 164       |
| Balance at 31 December 2012               | 110,806                  | 297,742             | 146,521          | 538,487               | 105,426                              | 1,198,982 |
| <b>Carrying amounts</b>                   |                          |                     |                  |                       |                                      |           |
| At 1 January 2011                         | 1,041,538                | 151,849             | 88,452           | 234,106               | 115,319                              | 1,631,264 |
| At 1 January 2012                         | 1,019,377                | 83,282              | 145,848          | 138,376               | 59,643                               | 1,446,526 |
| At 31 December 2012                       | 999,446                  | 34,109              | 137,923          | 41,854                | 58,446                               | 1,271,778 |

- (i) Included in property and equipment is leasehold land and building which has been accounted for as a finance lease in line with the amendment to IAS 17 Lease.
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year. Rather, the initial direct costs associated with leased assets have been capitalized.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 12 Intangible assets

#### (a) The Group

| <i>In thousands of naira</i>              | Goodwill | Purchased software | Total     |
|---|----------|--------------------|-----------|
| <b>Cost</b>                               |          |                    |           |
| Balance as at 1 January 2011              | 61,784   | 1,703,309          | 1,765,093 |
| Acquisitions                              | -        | 6,266              | 6,266     |
| Transfers/write-offs                      | -        | -                  | -         |
| Balance as at 1 January 2012              | 61,784   | 1,709,575          | 1,771,359 |
| Acquisitions                              | -        | 8,498              | 8,498     |
| Transfers/write-offs                      | -        | (3,304)            | (3,304)   |
| Balance at 31 December 2012               | 61,784   | 1,714,769          | 1,776,553 |
| <b>Amortization and impairment losses</b> |          |                    |           |
| Balance as at 1 January 2011              | 57,148   | 778,978            | 836,126   |
| Amortization for the year                 | -        | 340,398            | 340,398   |
| Balance as at 1 January 2012              | 57,148   | 1,119,376          | 1,176,524 |
| Amortization for the year                 | -        | 340,228            | 340,228   |
| Balance at 31 December 2012               | 57,148   | 1,459,604          | 1,516,752 |
| <b>Carrying amounts</b>                   |          |                    |           |
| At 1 January 2011                         | 4,636    | 924,331            | 928,967   |
| At 1 January 2012                         | 4,636    | 590,199            | 594,835   |
| At 31 December 2012                       | 4,636    | 255,165            | 259,801   |

### 12 Intangible assets

#### (b) The Exchange

| <i>In thousands of naira</i>              | Purchased software | Total     |
|---|--------------------|-----------|
| <b>Cost</b>                               |                    |           |
| Balance as at 1 January 2011              | 1,703,309          | 1,703,309 |
| Acquisitions                              | 6,266              | 6,266     |
| Balance as at 1 January 2012              | 1,709,575          | 1,709,575 |
| Acquisitions                              | 5,844              | 5,844     |
| Transfers/write-offs                      | (3,304)            | (3,304)   |
| Balance at 31 December 2012               | 1,712,115          | 1,712,115 |
| <b>Amortization and impairment losses</b> |                    |           |
| Balance as at 1 January 2011              | 778,978            | 778,978   |
| Amortization for the year                 | 340,398            | 340,398   |
| Balance as at 1 January 2012              | 1,119,376          | 1,119,376 |
| Amortization for the year                 | 340,228            | 340,228   |
| Balance at 31 December 2012               | 1,459,604          | 1,459,604 |
| <b>Carrying amounts</b>                   |                    |           |
| At 1 January 2011                         | 924,331            | 924,331   |
| At 1 January 2012                         | 590,199            | 590,199   |
| At 31 December 2012                       | 252,511            | 252,511   |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 13 Investment Properties under Construction

| <i>In thousands of naira</i> | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| Building in progress         | 1,601,593               | 1,601,593               | 1,407,134               | -                          | -                          | -                          |
| Allowance for impairment     | -                       | -                       | -                       | -                          | -                          | -                          |
| Carrying amount              | 1,601,593               | 1,601,593               | 1,407,134               | -                          | -                          | -                          |

## 14 Intercompany Receivable

| <i>In thousands of naira</i> | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| Intercompany receivables     | -                       | -                       | -                       | 4,304,203                  | 4,158,685                  | 4,026,034                  |
| Allowance for impairment     | -                       | -                       | -                       | (696,210)                  | (643,969)                  | (568,310)                  |
| Carrying amount              | -                       | -                       | -                       | 3,607,993                  | 3,514,716                  | 3,457,724                  |

(a) Intercompany receivables represent amounts receivable from The Exchange's subsidiaries. An analysis of intercompany receivables is shown below:

| <i>In thousands of naira</i> | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| NSE Consult Limited          | -                       | -                       | -                       | 696,211                    | 643,969                    | 640,569                    |
| Naira Properties Limited     | -                       | -                       | -                       | 1,832,988                  | 1,830,236                  | 1,707,825                  |
| Coral Properties Plc         | -                       | -                       | -                       | 1,775,004                  | 1,684,480                  | 1,677,640                  |
|                              | -                       | -                       | -                       | 4,304,203                  | 4,158,685                  | 4,026,034                  |

These receivables have been evaluated for impairment based on their recoverable amounts as explained below:

- (i) **NSE Consult Limited**  
Intercompany receivables from NSE Consult represent payments made by The Exchange with respect to the purchase of shares by the subsidiary and other expenses incurred on behalf of the subsidiary. Considering the subsidiary's net liability position as at year end, The Exchange tested the receivable for impairment by evaluating the recoverability of the amount receivable as at year end and an impairment loss of N696,210,000 (2011: N643,969,000) was recognized.
- (ii) **Naira Properties Limited**  
Intercompany receivables from Naira Properties represents maintenance expenses incurred by The Exchange on behalf of Naira Properties with respect to the property rented from the subsidiary. The Council members are of the opinion that this receivable would be recovered from rents paid to the subsidiary.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (iii) Coral Properties Plc  
Intercompany receivables due from Coral Properties Plc relate to expenses incurred by the subsidiary with respect to its building in progress which were paid by The Exchange. The Council members are of the opinion that the receivable would be recovered from the proceeds on the sale of the building. The receivable was tested for impairment by comparing the value of the receivable to the fair value less cost to sell of the property. The fair value less cost to sell of the property (N2.11billion) is considerably higher than the carrying amount of the receivable (N1.77billion), therefore, the receivable is not impaired.

### 15 Investment in Associates

| <i>In thousands of naira</i>              | Cost                    |                         |                         |                            |                            |                            |
|---|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
|   | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
| Balance, beginning of the year            | 3,238,841               | 3,171,098               | 3,035,934               | 387,804                    | 387,804                    | 387,804                    |
| Share of current year result (net of tax) | 690,077                 | 270,243                 | 287,562                 | -                          | -                          | -                          |
| Dividends paid                            | (135,000)               | (202,500)               | (152,398)               | -                          | -                          | -                          |
| Total investment in associates            | 3,793,918               | 3,238,841               | 3,171,098               | 387,804                    | 387,804                    | 387,804                    |
| Carrying amount                           | 3,793,918               | 3,238,841               | 3,171,098               | 387,804                    | 387,804                    | 387,804                    |

The Group has a 27% ownership interest in CSCS PLC. The principal activity of the company is to act as a depository, clearing and settlement agency for all quoted and trade securities in the Nigerian capital market. The net assets of the company as at 31 December 2012 was N14,048,683,000 (2011: N11,992,839,000)

Summary financial information for the equity accounted investee, not adjusted for the percentage ownership held by the group is as follows:

| <i>In thousands of naira</i> | Ownership | Total<br>assets | Total<br>liabilities | Revenue   | Profit after<br>tax |
|------------------------------|-----------|-----------------|----------------------|-----------|---------------------|
| 1 January 2011               |           |                 |                      |           |                     |
| CSCS                         | 27%       | 13,316,184      | 1,574,245            | 4,256,331 | 1,065,044           |
| 31 December 2011             |           |                 |                      |           |                     |
| CSCS                         | 27%       | 13,642,627      | 1,649,788            | 4,193,971 | 1,000,900           |
| 31 December 2012             |           |                 |                      |           |                     |
| CSCS                         | 27%       | 15,429,777      | 1,381,094            | 5,172,245 | 2,555,844           |

The fair value of the investment in associate cannot be determined as there is no published price quotation for the associate. Therefore, the investment in associates is currently carried at cost plus the share of the group percentage holding in net assets of the Associate.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 16 Investment in Subsidiaries

|                                  | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|----------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>     |                         |                         |                         |                            |                            |                            |
| NSE Consult Limited              | -                       | -                       | -                       | 1,250                      | 1,000                      | 1,000                      |
| Coral Properties Plc             | -                       | -                       | -                       | 72,000                     | 72,000                     | 72,000                     |
| Naira Properties Limited         | -                       | -                       | -                       | 945,700                    | 945,700                    | 945,700                    |
| Total investment in subsidiaries | -                       | -                       | -                       | 1,018,950                  | 1,018,700                  | 1,018,700                  |
| Impairment                       | -                       | -                       | -                       | (1,000)                    | (1,000)                    | (348,656)                  |
| Carrying amount                  | -                       | -                       | -                       | 1,017,950                  | 1,017,700                  | 670,044                    |

- (i) The Exchange has a 99.8% holding in NSE Consult Limited. NSE Consult Limited was incorporated in Nigeria on 19 May 2004 and commenced business on 15 April 2005. Its principal objective is to carry on business as consultants, financial advisers and analysts, and to carry on business as the investment and private sector arm/subsidiary of The Exchange.
- (ii) The Exchange has a 100% holding in Coral Properties Plc. Coral Properties Plc was incorporated in Nigeria as a private limited liability company on 20 May 1993 and became a public Company on 29 August 1995.
- (iii) The Exchange has a 100% holding in Naira Properties Limited. Naira Properties Limited was incorporated on 29 June 1974 as a limited liability Company. The company's main activities are property letting and investment. The company became a wholly owned subsidiary of The Exchange in 2005 when The Exchange acquired the 60% equity interest in the company, previously held by the Daily Times Nigeria.
- (iv) The investments in subsidiaries were tested for impairment by comparing the cost of investment in each subsidiary to the fair value of the net asset of that subsidiary as at year end. The fair value of the subsidiaries was determined by estimating the fair value of certain assets and liabilities in each subsidiary's balance sheet. Where the cost of investment in a subsidiary exceeds the net asset of the subsidiary, the excess of cost over net asset is impaired. An analysis of allowance for impairment of investment in subsidiaries is shown below:

|                              | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i> |                         |                         |                         |                            |                            |                            |
| NSE Consult Limited          | -                       | -                       | -                       | 1,000                      | 1,000                      | 1,000                      |
| Coral Properties Plc         | -                       | -                       | -                       | -                          | -                          | -                          |
| Naira Properties Limited     | -                       | -                       | -                       | -                          | -                          | 347,656                    |
|                              | -                       | -                       | -                       | 1,000                      | 1,000                      | 348,656                    |

In 2011, it was discovered that the fair value of Naira properties Ltd. amounting to N2.2billion exceeded the cost of the investment thereby creating a need for the reversal of the impairment charge on investment in the subsidiary.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 17 Other Investments

|                                    | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>       |                         |                         |                         |                            |                            |                            |
| Held-to-maturity investments       | 1,989,408               | 401                     | 401                     | 1,989,408                  | 401                        | 401                        |
| Financial assets- held for trading | 253,041                 | 217,654                 | 290,569                 | -                          | 15,290                     | 16,006                     |
| Available for Sale investments     | 90,000                  | -                       | -                       | -                          | -                          | -                          |
| Carrying amount                    | 2,332,449               | 218,055                 | 290,970                 | 1,989,408                  | 15,691                     | 16,407                     |
| Non-current                        | 343,041                 | 217,654                 | 290,569                 | -                          | 15,290                     | 16,006                     |
| Current                            | 1,989,408               | 401                     | 401                     | 1,989,408                  | 401                        | 401                        |
| Carrying amount                    | 2,332,449               | 218,055                 | 290,970                 | 1,989,408                  | 15,691                     | 16,407                     |

- (a) The financial assets which are held for trading, are equity securities that otherwise would have been classified as available-for-sale. Included in held to maturity investments are investment of refunds amounting to N823 million which were received from the ex-council members and is the subject of a litigation on account of a dispute over the basis of initial payment.
- (b) The financial assets which are available for sale, are equity investments in NASD amounting to N40,000,000 and also investments in FMDQ amounting to N50,000,000.

|                                  | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|----------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>     |                         |                         |                         |                            |                            |                            |
| (c) Held to Maturity Investments |                         |                         |                         |                            |                            |                            |
| Government bonds                 | -                       | 401                     | 401                     | -                          | 401                        | 401                        |
| Treasury bills                   | 1,989,408               | -                       | -                       | 1,989,408                  | -                          | -                          |
| Carrying amount                  | 1,989,408               | 401                     | 401                     | 1,989,408                  | 401                        | 401                        |



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 18 Trade, Other Receivables and Prepayment

|  | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>   |                         |                         |                         |                            |                            |                            |
| Trade receivables  | 262,328                 | 290,737                 | 257,643                 | 252,171                    | 279,351                    | 232,114                    |
| Staff loans  | 26,556                  | 76,609                  | 51,665                  | 26,556                     | 76,609                     | 51,665                     |
| Due from NSE/CSCS Multipurpose<br>Cooperative Society (see note (a)) | 274,979                 | 274,979                 | 274,979                 | 274,979                    | 274,979                    | 274,979                    |
| Deferred recovery of bonuses<br>(see note (b))                       | 1,480,065               | 1,480,065               | 1,482,565               | 1,480,065                  | 1,480,065                  | 1,482,565                  |
| Due from gratuity fund administrators                                | 23,165                  | 23,165                  | 307,143                 | 23,165                     | 23,165                     | 307,143                    |
| Other receivables  | 862,605                 | 843,284                 | 959,096                 | 328,339                    | 309,017                    | 483,963                    |
| Advance payments to third parties<br>(see note (f))                  | 85,400                  | -                       | -                       | 85,400                     | -                          | -                          |
| Prepayments  | 34,632                  | 60,223                  | 17,543                  | 34,632                     | 60,223                     | 17,543                     |
| Prepayments for IT platform<br>(See note (e))                        | 271,473                 | -                       | -                       | 271,473                    | -                          | -                          |
| Gross total  | 3,321,203               | 3,049,062               | 3,350,634               | 2,776,780                  | 2,503,409                  | 2,849,972                  |
| Allowance for impairment<br>(See note (c))                           | (2,772,101)             | (2,736,324)             | (3,003,087)             | (2,227,679)                | (2,222,720)                | (2,535,407)                |
| Carrying amount  | 549,102                 | 312,738                 | 347,547                 | 549,102                    | 280,689                    | 314,565                    |

- (a) The amount due from NSE/CSCS Multipurpose Co-operative Society relates to two payments of N150million and N114.9million made in connection with the purchase of shares on behalf of the NSE/CSCS Multipurpose Cooperative Society. Efforts are being made by management to recover these disputed amounts and the matter is currently a subject of litigation. The Exchange has fully impaired the amount subject to recovery of the receivable in a future year which will be recognized on cash basis.
- (b) Deferred recovery of bonuses represents N2.090billion distributed to certain ex-council members as share of surplus between 2006 and 2008. This payment is contrary to section 26(3) of the Companies and Allied Matters Act, and the Securities and Exchange Commission directed The Exchange to recover the money from the ex-council members involved. Refunds amounting to N609.5million (2011: N609.5million) have been received from the ex-council members. The outstanding balance of N1,480,065,000 is the subject of a litigation on account of a dispute over the basis of payment. The Exchange has fully impaired the amount subject to recovery of the receivable in a future year.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

(c) Analysis of allowance for impairment of other assets is shown below:

|  | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                       |                         |                         |                         |                            |                            |                            |
| Trade receivables                                  | 137,993                 | 130,092                 | 206,347                 | 137,993                    | 130,091                    | 206,347                    |
| Staff loans  | 15,264                  | 15,265                  | 2,614                   | 15,264                     | 15,265                     | 2,614                      |
| Due from NSE/CSCS Multipurpose Cooperative Society | 274,979                 | 274,979                 | 274,979                 | 274,979                    | 274,979                    | 274,979                    |
| Deferred recovery of bonuses                       | 1,480,065               | 1,480,065               | 1,482,565               | 1,480,065                  | 1,480,065                  | 1,482,565                  |
| Gratuity plan assets                               | 23,165                  | 23,165                  | 307,143                 | 23,165                     | 23,165                     | 307,143                    |
| Other receivables                                  | 840,634                 | 812,758                 | 729,439                 | 296,213                    | 299,155                    | 261,759                    |
|  | <u>2,772,100</u>        | <u>2,736,324</u>        | <u>3,003,087</u>        | <u>2,227,679</u>           | <u>2,222,720</u>           | <u>2,535,407</u>           |

(d) Movement in allowance for impairment of other assets is shown below

|                                    | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 |
|------------------------------------|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>       |                         |                         |                            |                            |
| Opening balance                    | 2,736,324               | 3,003,087               | 2,222,720                  | 2,535,407                  |
| Impairment loss for the year       | 35,776                  | 89,066                  | 4,959                      | 43,142                     |
| Impairment loss no longer required | -                       | (286,479)               | -                          | (286,479)                  |
| Impairment loss written off        | -                       | (69,350)                | -                          | (69,350)                   |
|                                    | <u>2,772,100</u>        | <u>2,736,324</u>        | <u>2,227,679</u>           | <u>2,222,720</u>           |

(e) Prepayments for IT platform represents expenditure incurred on the software and hardware components of the new trading platform.

(f) Advanced payments to third party warehouses part payments made to contractors for ongoing services and projects rendered to The Exchange during the year under review.

19 Cash and cash equivalents

|                              | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i> |                         |                         |                         |                            |                            |                            |
| Cash balances                | 14                      | 249                     | 24                      | 14                         | 249                        | 24                         |
| Bank balances                | 437,027                 | 1,191,335               | 1,647,113               | 350,596                    | 1,077,514                  | 1,562,976                  |
| Fixed deposits               | 692,362                 | 1,544,556               | 971,310                 | 577,189                    | 1,520,302                  | 947,946                    |
| Total                        | <u>1,129,403</u>        | <u>2,736,140</u>        | <u>2,618,447</u>        | <u>927,799</u>             | <u>2,598,065</u>           | <u>2,510,946</u>           |

The Group's exposure to interest rate risk for financial assets and liabilities is disclosed in note 3.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

Included in 2011 fixed deposit investments are refunds from the ex-council members amounting to N652 million which is a subject of a litigation on account of a dispute over the basis of initial payment (see note 17 (a)).

### 20 Equity

#### (a) Accumulated funds

Accumulated funds are the carried forward recognized income net of expenses plus current year profit.

### 21 Earnings per share

No earnings per share is presented in these financial statements as The Exchange is limited by guarantee and has no issued shares

### 22 Retirement benefit obligations

|   | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>  |                         |                         |                         |                            |                            |                            |
| Recognized liability for defined benefit obligations (see note (a) below) | 121,099                 | 683,420                 | 1,295,432               | 121,099                    | 683,420                    | 1,295,432                  |
| Recognized liability for defined contributions                            | 41,438                  | 28,433                  | 14,959                  | 41,438                     | 28,433                     | 14,959                     |
| <b>Total</b>  | <b>162,537</b>          | <b>711,853</b>          | <b>1,310,391</b>        | <b>162,537</b>             | <b>711,853</b>             | <b>1,310,391</b>           |

#### (a) Defined Benefit Obligations

The Exchange operated a non-contributory, unfunded defined benefit scheme for its staff gratuity scheme until 16 March 2011 when the Council of The Exchange resolved to terminate the staff gratuity scheme with effect from 31 March, 2011. Final entitlements due to members of staff that had spent a minimum of five years by 31 March, 2011 was determined and full provision was made in The Exchange's accounts. The liability was funded by transfer of assets to the pension fund custodian and supervised by Gratuity Committee. The final obligation of N121 million as at year end was fully discharged in March 2013. The Staff Gratuity is based on defined benefit scheme and the rates proportionate to length of service applied to terminal remuneration. Eligible staff shall only access their gratuity benefits upon disengagement from the services of The Exchange or at the discretion of Council on the recommendation of Management.

The amounts recognized in the statement of financial position are as follows:

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

| (i)  | Recognized Liability for Defined Benefit Obligations                      |                         |                         |                         |                            |                            |                            |
|------|---|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
|      |   | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|      | <i>In thousands of naira</i>  |                         |                         |                         |                            |                            |                            |
|      | Present value of obligations (see note (ii))                              | 121,099                 | 683,420                 | 1,295,432               | 121,099                    | 683,420                    | 1,295,432                  |
|      | Recognized liability  | 121,099                 | 683,420                 | 1,295,432               | 121,099                    | 683,420                    | 1,295,432                  |
|      | Movement in the liability for defined benefit obligations                 |                         |                         |                         |                            |                            |                            |
|      |   | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
| (ii) | <i>In thousands of naira</i>  |                         |                         |                         |                            |                            |                            |
|      | Liability for defined benefit obligations<br>at the beginning of the year | 683,420                 | 1,295,432               | 1,508,419               | 683,420                    | 1,295,432                  | 1,508,419                  |
|      | Benefits paid by the plan   | (562,321)               | (612,012)               | (99,857)                | (562,321)                  | (612,012)                  | (99,857)                   |
|      | Actuarial losses/(gains)  |                         | -                       | (113,130)               |                            | -                          | (113,130)                  |
|      | Liability for defined benefit obligations<br>the end of the year          | 121,099                 | 683,420                 | 1,295,432               | 121,099                    | 683,420                    | 1,295,432                  |
| 23   | Other Liabilities   |                         |                         |                         |                            |                            |                            |
|      |   | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|      | <i>In thousands of naira</i>  |                         |                         |                         |                            |                            |                            |
|      | Intercompany payables   | -                       | -                       | -                       | 49,916                     | -                          | -                          |
|      | Accrued expenses  | 114,586                 | 34,384                  | 17,172                  | 80,202                     | -                          | -                          |
|      | Due to Central Securities Clearing<br>System Limited                      | 479,614                 | 619,583                 | 948,287                 | 479,614                    | 619,583                    | 948,287                    |
|      | Due to African Securities<br>Exchanges Association                        | -                       | 12,680                  | 12,680                  | -                          | -                          | -                          |
|      | Sundry creditors  | 444,550                 | 364,326                 | 231,974                 | 444,550                    | 364,326                    | 231,974                    |
|      | Deferred listing fee income   | 91,290                  | 93,521                  | 13,719                  | 91,236                     | 74,054                     | 528                        |
|      | VAT Payable   | 264,940                 | 240,662                 | 364,254                 | 264,940                    | 240,662                    | 364,254                    |
|      | Others  | 924,267                 | 841,485                 | 498,619                 | 605,601                    | 528,999                    | 374,881                    |
|      | Total   | 2,319,247               | 2,206,641               | 2,086,705               | 2,016,059                  | 1,827,624                  | 1,919,924                  |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 24 Current Tax Liabilities

|                                | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>   |                         |                         |                         |                            |                            |                            |
| Current tax liabilities        |                         |                         |                         |                            |                            |                            |
| Balance, beginning of the year | 69,851                  | 65,347                  | 51,826                  | -                          | -                          | -                          |
| Charge during the year         | 28,275                  | 4,504                   | 13,521                  | -                          | -                          | -                          |
| Payment made during the year   | -                       | -                       | -                       | -                          | -                          | -                          |
| Balance, end of the year       | 98,126                  | 69,851                  | 65,347                  | -                          | -                          | -                          |

### 25 Contingent Liabilities and Commitments

#### (a) Legal proceedings

The Exchange is involved in various claims and litigation. These claims, most of which arose in the normal course of business, are being contested by the Exchange. As at 31 December 2012, estimated contingent liabilities stood at N7,746,727,150 (2011:N2,667,672,761). Based on legal advice, management does not expect the outcome of the litigations to have a material effect on the Group's financial position.

#### (b) Capital Commitments

The Exchange had no capital commitments in respect of authorized and contracted capital projects as at 31 December 2012.

### 26 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. From The Exchange's perspective, this definition includes key management personnel and associates. As at the reporting date, The Exchange had a number of transactions with related parties in the normal course of business. These include rent paid to Naira Properties on the property occupied by The Exchange and payment of other expenses on behalf of the subsidiaries. Related party transactions were made on terms equivalent to those that prevail in arm's length transaction

A summary of related party transactions during the year is shown below:

#### The Exchange

|                              | 31 Dec<br>2012 | 31 Dec<br>2011 | 01 Jan<br>2011 |
|------------------------------|----------------|----------------|----------------|
| <i>In thousands of naira</i> |                |                |                |
| Intercompany Receivables     |                |                |                |
| NSE Consult Limited          | 696,211        | 643,969        | 640,569        |
| Naira Properties Limited     | 1,832,988      | 1,830,236      | 1,707,825      |
| Coral Properties Plc         | 1,775,004      | 1,684,480      | 1,677,640      |
|                              | 4,304,203      | 4,158,685      | 4,026,034      |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

Compensation to key management personnel during the year comprised:

| <i>In thousands of naira</i>                    | 31 Dec<br>2012 | 31 Dec<br>2011 | 01 Jan<br>2011 |
|---|----------------|----------------|----------------|
| Short-term benefits                             | 264,680        | 162,619        | 137,091        |
| Post-employment benefits (pension and gratuity) | -              | -              | -              |
| Other long-term benefits (long-service award)   | -              | -              | -              |
| Termination benefits                            | -              | -              | -              |
|   | <u>264,680</u> | <u>162,619</u> | <u>137,091</u> |

(b) Transactions with associates

Transactions with associates include:

| <i>In thousands of naira</i> | 31 Dec<br>2012   | 31 Dec<br>2011   | 01 Jan<br>2011   |
|------------------------------|------------------|------------------|------------------|
| Payables                     | (479,614)        | (619,583)        | (948,287)        |
|                              | <u>(479,614)</u> | <u>(619,583)</u> | <u>(948,287)</u> |

(c) Specific allowances made for impairment losses on the related party receivables are shown below:

| <i>In thousands of naira</i> | 31 Dec<br>2012   | 31 Dec<br>2011   | 01 Jan<br>2011   |
|------------------------------|------------------|------------------|------------------|
| NSE Consult (Subsidiary)     | (696,210)        | (643,969)        | (568,310)        |
|                              | <u>(696,210)</u> | <u>(643,969)</u> | <u>(568,310)</u> |

27 Group Entities

Significant Subsidiaries

Ownership  
Interest

|                          | 31 Dec<br>2012 | 31 Dec<br>2011 | 01 Jan<br>2011 |
|--------------------------|----------------|----------------|----------------|
| Naira Properties Limited | 100%           | 100%           | 100%           |
| Coral Properties Plc     | 100%           | 100%           | 100%           |
| NSE Consult Limited      | 99.8%          | 99.8%          | 99.8%          |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

28 Subsequent Events  
There were no post balance sheet events requiring adjustment of, or disclosure in, these financial statements.

29 Explanation of Transition to IFRS  
As stated in note 2(a), these are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

### Explanation of transition to IFRS

#### Reconciliation of Equity

(a) The Group

(i) Statement of financial position

| <i>In thousands of naira</i>             | Note | Previous<br>GAAP<br>1 Jan 2011 | Effect of<br>transition to<br>IFRS<br>1 Jan 2011 | IFRS<br>1 Jan 2011 | Previous<br>GAAP<br>Dec 2011 | Effect of<br>transition to<br>IFRS<br>Dec 2011 | IFRS<br>Dec 2011  |
|--|------|--------------------------------|--|--------------------|------------------------------|--|-------------------|
| <b>Assets</b>                            |      |                                |  |                    |                              |  |                   |
| Property and equipment                   | a    | 5,653,832                      | (1,839,319)                                      | 3,814,513          | 5,135,812                    | (1,475,139)                                    | 3,660,673         |
| Intangible assets                        | a    | 4,635                          | 924,332  | 928,967            | 4,635                        | 590,200  | 594,835           |
| Investment properties under construction | b    | 1,677,640                      | (270,506)  | 1,407,134          | 1,684,480                    | (82,887)                                       | 1,601,593         |
| Intercompany receivables                 | c    | -                              | -  | -                  | -                            | -  | -                 |
| Investment in associates                 | d    | 3,188,496                      | (17,398)   | 3,171,098          | 3,256,239                    | (17,398)                                       | 3,238,841         |
| Investment in subsidiaries               | e    | -                              | -  | -                  | -                            | -  | -                 |
| Other investments                        | f    | 333,492                        | (42,923)   | 290,569            | 206,513                      | 11,141   | 217,654           |
| <b>Total non-current assets</b>          |      | <b>10,858,095</b>              | <b>(1,245,814)</b>                               | <b>9,612,281</b>   | <b>10,287,679</b>            | <b>(974,083)</b>                               | <b>9,313,596</b>  |
| Inventories                              | g    | 17,135                         | (17,135)   | -                  | 5,374                        | (5,374)  | -                 |
| Trade, other receivables and prepayments | c    | 2,200,336                      | (1,852,789)                                      | 347,547            | 1,836,955                    | (1,524,217)                                    | 312,738           |
| Other investments                        | f    | 401                            | -  | 401                | 401                          | -  | 401               |
| Cash and cash equivalents                | h    | 2,635,788                      | (17,341)   | 2,618,447          | 2,775,743                    | (39,603)                                       | 2,736,140         |
| <b>Total current assets</b>              |      | <b>4,853,660</b>               | <b>(1,887,265)</b>                               | <b>2,966,395</b>   | <b>4,618,473</b>             | <b>(1,569,194)</b>                             | <b>3,049,279</b>  |
| <b>Total assets</b>                      |      | <b>15,711,755</b>              | <b>(3,133,079)</b>                               | <b>12,578,676</b>  | <b>14,906,152</b>            | <b>(2,543,277)</b>                             | <b>12,362,875</b> |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

|                                      |   |                   |                    |                   |                   |                    |                   |
|--------------------------------------|---|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| Equity                               |   |                   |                    |                   |                   |                    |                   |
| Accumulated fund                     | i | 8,641,948         | 474,285            | 9,116,233         | 8,282,643         | 1,091,887          | 9,374,530         |
| Revaluation reserve                  | j | 1,008,817         | (1,008,817)        | -                 | 1,008,817         | (1,008,817)        | -                 |
| <b>Total equity</b>                  |   | <b>9,650,765</b>  | <b>(534,532)</b>   | <b>9,116,233</b>  | <b>9,291,460</b>  | <b>83,070</b>      | <b>9,374,530</b>  |
| Liabilities                          |   |                   |                    |                   |                   |                    |                   |
| Retirement benefit obligations       | k | 1,295,432         | 14,959             | 1,310,391         | 686,046           | 25,807             | 711,853           |
| Deferred tax liabilities             | l | 411,236           | (411,236)          | -                 | 548,534           | (548,534)          | -                 |
| <b>Total non current liabilities</b> |   | <b>1,706,668</b>  | <b>(396,277)</b>   | <b>1,310,391</b>  | <b>1,234,580</b>  | <b>(522,727)</b>   | <b>711,853</b>    |
| Other liabilities                    | m | 4,288,975         | (2,202,270)        | 2,086,705         | 4,313,151         | (2,106,510)        | 2,206,641         |
| Tax liabilities                      | n | 65,347            | -                  | 65,347            | 66,961            | 2,890              | 69,851            |
| <b>Total current liabilities</b>     |   | <b>4,354,322</b>  | <b>(2,202,270)</b> | <b>2,152,052</b>  | <b>4,380,112</b>  | <b>(2,103,620)</b> | <b>2,276,492</b>  |
| <b>Total liabilities</b>             |   | <b>6,060,990</b>  | <b>(2,598,547)</b> | <b>3,462,443</b>  | <b>5,614,692</b>  | <b>(2,626,347)</b> | <b>2,988,345</b>  |
| <b>Total liabilities and equity</b>  |   | <b>15,711,755</b> | <b>(3,133,079)</b> | <b>12,578,676</b> | <b>14,906,152</b> | <b>(2,543,277)</b> | <b>12,362,875</b> |

(ii) *Statement of Comprehensive Income*

Reconciliation of comprehensive income for the year ended 31 December 2011

| <i>In thousands of naira</i>  | Note | Previous GAAP<br>Dec 2011 | Effect of transition to<br>Dec 2011 | IFRS<br>Dec 2011   |
|---|------|---------------------------|-------------------------------------|--------------------|
| Revenue   | o    | 3,166,687                 | 135,518                             | 3,302,205          |
| Revenue   |      | 3,166,687                 | 135,518                             | 3,302,205          |
| Other income  | o    | 351,175                   | (106,862)                           | 244,313            |
| Impairment reversal/ impairment<br>(loss) financial assets              | d    | (132,725)                 | 330,139                             | 197,414            |
| Fair value gain/(loss) on<br>investment securities                      | e    | -                         | (72,915)                            | (72,915)           |
| Personnel expenses  | p    | (1,724,437)               | (43,077)                            | (1,767,514)        |
| Depreciation and amortization   | a    | (876,800)                 | 75,969                              | (800,831)          |
| Other expenses  | q    | (1,273,936)               | 163,822                             | (1,110,114)        |
| <b>Result from operating activities</b>                                 |      | <b>(3,656,723)</b>        | <b>347,076</b>                      | <b>(3,309,647)</b> |
| <b>Operating (loss)/ profit</b>   |      | <b>(490,036)</b>          | <b>482,594</b>                      | <b>(7,442)</b>     |
| Share of profit of equity<br>accounted investees<br>(net of income tax) | r    | 467,202                   | (196,959)                           | 270,243            |
| Tax expense   | n    | (335,871)                 | 331,367                             | (4,504)            |
| <b>(Loss)/profit for the year</b>                                       |      | <b>(358,705)</b>          | <b>617,002</b>                      | <b>258,297</b>     |
| Changes in revaluation surplus  |      | -                         | -                                   | -                  |
| Other comprehensive income  |      | -                         | -                                   | -                  |
| <b>Total comprehensive income</b>                                       |      | <b>(358,705)</b>          | <b>617,002</b>                      | <b>258,297</b>     |

Material adjustments to the statement of cash flow for 2011

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous GAAP.



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

(b) The Exchange

(i) Statement of financial position

| <i>In thousands of naira</i>             | Note | Previous GAAP     | Effect of transition to IFRS<br>1 Jan 2011 | IFRS             | Previous GAAP     | Effect of transition to IFRS<br>31 Dec 2011 | IFRS             |
|--|------|-------------------|--|------------------|-------------------|---|------------------|
| <b>Assets</b>                            |      |                   |  |                  |                   |   |                  |
| Property, plant and equipment            | a    | 3,002,791         | (1,371,527)                                | 1,631,264        | 2,493,715         | (1,047,189)                                 | 1,446,526        |
| Intangible assets                        | a    | -                 | 924,331                                    | 924,331          | -                 | 590,199                                     | 590,199          |
| Intercompany receivables                 | c    | 3,755,318         | (297,594)                                  | 3,457,724        | 3,760,990         | (246,274)                                   | 3,514,716        |
| Investment in associates                 | d    | 387,804           | -  | 387,804          | 387,804           | -   | 387,804          |
| Investment in subsidiaries               | e    | 945,700           | (275,656)                                  | 670,044          | 945,700           | 72,000                                      | 1,017,700        |
| Other investments                        | f    | 4,208             | 11,798                                     | 16,006           | 4,208             | 11,082                                      | 15,290           |
| <b>Total non-current assets</b>          |      | <b>8,095,821</b>  | <b>(1,008,648)</b>                         | <b>7,087,173</b> | <b>7,592,417</b>  | <b>(620,182)</b>                            | <b>6,972,235</b> |
| Inventories                              | g    | 17,135            | (17,135)                                   | -                | 5,374             | (5,374)                                     | -                |
| Trade, other receivables and prepayments | c    | 2,167,355         | (1,852,790)                                | 314,565          | 1,818,121         | (1,537,432)                                 | 280,689          |
| Other investments                        |      | 401               | -  | 401              | 401               | -   | 401              |
| Cash and cash equivalents                | h    | 2,528,286         | (17,340)                                   | 2,510,946        | 2,638,923         | (40,858)                                    | 2,598,065        |
| <b>Total current assets</b>              |      | <b>4,713,177</b>  | <b>(1,887,265)</b>                         | <b>2,825,912</b> | <b>4,462,819</b>  | <b>(1,583,664)</b>                          | <b>2,879,155</b> |
| <b>Total assets</b>                      |      | <b>12,808,998</b> | <b>(2,895,913)</b>                         | <b>9,913,085</b> | <b>12,055,236</b> | <b>(2,203,846)</b>                          | <b>9,851,390</b> |
| <b>Equity</b>                            |      |                   |  |                  |                   |   |                  |
| Accumulated fund                         | i    | 7,373,725         | (690,955)                                  | 6,682,770        | 7,270,460         | 41,453                                      | 7,311,913        |
| <b>Total equity</b>                      |      | <b>7,373,725</b>  | <b>(690,955)</b>                           | <b>6,682,770</b> | <b>7,270,460</b>  | <b>41,453</b>                               | <b>7,311,913</b> |
| <b>Liabilities</b>                       |      |                   |  |                  |                   |   |                  |
| Retirement benefit obligations           | k    | 1,295,432         | 14,959                                     | 1,310,391        | 686,046           | 25,807                                      | 711,853          |
| <b>Total non current liabilities</b>     |      | <b>1,295,432</b>  | <b>14,959</b>                              | <b>1,310,391</b> | <b>686,046</b>    | <b>25,807</b>                               | <b>711,853</b>   |
| Other liabilities                        | m    | 4,139,841         | (2,219,917)                                | 1,919,924        | 4,098,730         | (2,271,106)                                 | 1,827,624        |
| <b>Total current liabilities</b>         |      | <b>4,139,841</b>  | <b>(2,219,917)</b>                         | <b>1,919,924</b> | <b>4,098,730</b>  | <b>(2,271,106)</b>                          | <b>1,827,624</b> |
| <b>Total liabilities</b>                 |      | <b>5,435,273</b>  | <b>(2,204,958)</b>                         | <b>3,230,315</b> | <b>4,784,776</b>  | <b>(2,245,299)</b>                          | <b>2,539,477</b> |
| <b>Total equity and liabilities</b>      |      | <b>12,808,998</b> | <b>(2,895,913)</b>                         | <b>9,913,085</b> | <b>12,055,236</b> | <b>(2,203,846)</b>                          | <b>9,851,390</b> |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

(ii) *Statement of Comprehensive Income*

Reconciliation of comprehensive income for the year ended 31 December 2011

| <i>In thousands of naira</i>                                  | Note | Previous<br>GAAP<br>Dec 2011 | Effect of<br>transition to<br>IFRS<br>Dec 2011 | IFRS<br>Dec 2011 |
|---|------|------------------------------|--|------------------|
| Revenue   | o    | 3,368,295                    | (66,090)                                       | 3,302,205        |
| Revenue   |      | 3,368,295                    | (66,090)                                       | 3,302,205        |
| Other income  | o    | 288,787                      | 115,935  | 404,722          |
| Impairment reversal/ impairment<br>(loss) on financial assets | d    | (132,725)                    | 648,060  | 515,335          |
| Fair value gain/(loss) on<br>investment securities            | e    | -                            | (716)  | (716)            |
| Personnel expenses  | p    | (1,724,435)                  | (43,082)                                       | (1,767,517)      |
| Depreciation and amortization                                 | a    | (712,745)                    | (9,794)  | (722,539)        |
| Other expenses  | q    | (1,190,442)                  | 88,095   | (1,102,347)      |
| Result from operating activities                              |      | (3,471,560)                  | 798,498  | (2,673,062)      |
| Operating (loss)/ profit                                      |      | (103,265)                    | 732,408  | 629,143          |
| (Loss)/profit for the year                                    |      | (103,265)                    | 732,408  | 629,143          |
| Changes in revaluation surplus                                |      | -                            |  |                  |
| Other comprehensive income for the year                       |      | (103,265)                    | 732,408  | 629,143          |
| Total comprehensive income for the year                       |      | (103,265)                    | 732,408  | 629,143          |

Material adjustments to the statement of cash flow for 2011

There are no material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under previous GAAP.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (a) Under the Nigerian GAAP, the group recognized purchased software (an intangible asset) as part of property and equipment. Intangible assets have been separated from property and equipment in line with the requirements of IFRS.

In addition, some balances relating to property, plant and equipment and intangible assets could not be physically verified. In preparing the IFRS financial statement, the carrying amount of these items was written off in accordance with the requirements of IFRS.

Furthermore, assets whose balances could not be substantiated were reclassified to other assets and tested for impairment by comparing the carrying amount with the recoverable amount. The carrying amount of these assets exceeded their recoverable amounts and the assets were fully impaired and written down to their recoverable amounts (nil) in accordance with the requirements of IFRS. The additional depreciation charge on the assets was reversed.

The group, also opted to change the useful life of some of its property and equipment in order to align its accounting estimates for property and equipment with industry best practice. The residual value of motor vehicles was reviewed in line with the requirements of IAS 16 which stipulates that estimate of useful life and residual value and the method of depreciation should be reviewed as a minimum at the end of each reporting period. The net impact of these changes is summarized as follows:

|   | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>  |                         |                         |                            |                            |
| Consolidated and separate statement of financial position                 |                         |                         |                            |                            |
| Property and Equipment (PPE) GAAP   | 5,135,812               | 5,653,832               | 2,493,715                  | 3,002,791                  |
| Additional depreciation from change in useful life of the asset           | (309,536)               | (164,174)               | (309,475)                  | (164,174)                  |
| Write- off of unsubstantiated PPE   | (672,000)               | (711,791)               | (244,111)                  | (244,111)                  |
| Reclassification from PPE to Intangible assets                            | (585,469)               | (919,612)               | (585,469)                  | (919,612)                  |
| Reduction in depreciation from review of residual value of motor vehicles | 91,866                  | (43,742)                | 91,866                     | (43,630)                   |
| Property and Equipment (PPE): IFRS  | 3,660,673               | 3,814,513               | 1,446,526                  | 1,631,264                  |

*In thousands of naira*

Consolidated and separate statement of comprehensive income

|   |          |   |          |   |
|---|----------|---|----------|---|
| Depreciation (GAAP)   | 876,800  |   | 712,745  |   |
| Reversal of depreciation on impaired assets                               | (87,634) | - | (1,920)  | - |
| Additional depreciation from change in useful life of assets              | 59,276   | - | 59,325   | - |
| Reduction in depreciation from review of residual value of motor vehicles | (47,611) | - | (47,611) | - |
| Depreciation (IFRS)   | 800,831  | - | 722,539  | - |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                     |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Intangible assets (GAAP)   | 4,635                   | 4,635                   | -                          | -                          |
| Reclassification from PPE to Intangible assets                   | 585,470                 | 919,602                 | 585,469                    | 919,601                    |
| Write- off of unsubstantiated intangible assets:                 | 4,730                   | 4,730                   | 4,730                      | 4,730                      |
| Intangible assets (IFRS)   | 594,835                 | 928,967                 | 590,199                    | 924,331                    |

- (b) Investment property under construction represents the group's investment in the construction of a commercial building in Port Harcourt. Pre incorporation expenses were capitalized as part of investment property under construction. The pre incorporation amounts were written off to retained earnings as they do not meet the asset capitalization criteria. The impact of this change is summarized below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                     |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Property under construction (GAAP)                               | 1,684,480               | 1,677,640               |                            |                            |
| Pre-incorporation expenses                                       | (82,887)                | (270,506)               |                            |                            |
| Property under construction (IFRS)                               | 1,601,593               | 1,407,134               | -                          | -                          |

- (c) Under the Nigerian GAAP, assets which could not be substantiated were reclassified to other assets and tested for impairment by comparing the carrying amount with the recoverable amount. The carrying amount of these assets exceeded their recoverable amounts and the assets were fully impaired and written down to their recoverable amounts (nil) in accordance with the requirements of IFRS.

Also, the likelihood of impairment of trade and other receivables was evaluated by comparing the carrying amounts of these receivables to the present values of their recoverable cash flows. The recoverable amounts of some of the trade receivables were found to be lower than their carrying amounts and were therefore impaired to the tune of their recoverable amounts. The impact of these changes are summarized below:

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

|   | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                              |                         |                         |                            |                            |
| Consolidated and separate statement of financial position |                         |                         |                            |                            |
| Intercompany receivable (GAAP)                            | -                       | -                       | 3,760,990                  | 3,755,318                  |
| Impairment loss on doubtful intercompany receivable       | -                       | -                       | (246,274)                  | (297,594)                  |
| Intercompany receivable (IFRS)                            |                         |                         | 3,514,716                  | 3,457,724                  |
| <i>In thousands of naira</i>                              |                         |                         |                            |                            |
| Consolidated and separate statement of financial position |                         |                         |                            |                            |
| Trade and other receivables (GAAP)                        | 1,836,955               | 2,200,336               | 1,818,121                  | 2,167,355                  |
| Reclassification of unsubstantiated assets                | 308,074                 | 306,505                 | 308,074                    | 306,505                    |
| Impairment loss on unsubstantiated assets                 | (260,190)               | (260,190)               | (260,190)                  | (260,190)                  |
| Impairment loss on doubtful other receivables             | (71,743)                | (485,391)               | (84,958)                   | (485,392)                  |
| Impairment of recovery of bonus from Ex-council members   | (1,480,068)             | (1,482,565)             | (1,480,068)                | (1,482,565)                |
| Write off on unsubstantiated staff debtors                | (20,290)                | 68,852                  | (20,290)                   | 68,852                     |
| Trade and other receivables (IFRS)                        | 312,738                 | 347,547                 | 280,689                    | 314,565                    |

- (d) Under Nigerian GAAP, the Group consolidates its associates by recognizing its share of the net assets of the associate. IAS 28 (investment in associates) also explains that investment in associates are accounted for using the equity method in the consolidated financial statement. Comparison of the Groups share of its associate's net assets per Nigerian GAAP and IFRS revealed a difference of N17.3 million. The Group's share of its associates net asset was therefore adjusted for this difference.

The impact of this change is shown below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>   |                         |                         |                            |                            |
| Consolidated and separate statement of financial position                |                         |                         |                            |                            |
| Investment in Associates (GAAP)  | 3,256,239               | 3,188,496               | 387,804                    | 387,804                    |
| Adjustment for difference in the Group's share of associate's net assets | (17,398)                | (17,398)                | -                          | -                          |
| Investment in Associates (IFRS)  | 3,238,841               | 3,171,098               | 387,804                    | 387,804                    |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (e) Under Nigerian GAAP, the investment in subsidiaries were tested for impairment by comparing the net assets of each subsidiary to the cost of the investment and also evaluating certain qualitative factors. NSE consult had negative net asset and the investment was fully impaired and the investment in Coral Properties Plc was also fully impaired because the Company was yet to commence operations.

Under IFRS, the Exchange's investment in its subsidiaries was tested for impairment by comparing its carrying value with its recoverable amount. The recoverable amount (which was deemed to be the fair value of the net assets of each subsidiaries) was determined by estimating the fair value of certain assets and liabilities in each subsidiary's balance sheet. The impact of this change is shown below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                       |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b>   |                         |                         |                            |                            |
| Investment in subsidiaries (GAAP)                                  |                         |                         | 945,700                    | 945,700                    |
| Additional impairment loss - Naira Properties                      | -                       | -                       | -                          | (347,656)                  |
| Impairment loss no longer required - Coral Properties              | -                       | -                       | 72,000                     | 72,000                     |
| Investment in subsidiaries (IFRS)                                  | -                       | -                       | 1,017,700                  | 670,044                    |
| <b>Consolidated and separate statement of comprehensive income</b> |                         |                         |                            |                            |
| Impairment loss on financial assets (GAAP)                         | (132,725)               | -                       | (132,725)                  | -                          |
| Impairment loss no longer required on investment in subsidiaries   | 330,139                 | -                       | 306,860                    | -                          |
| Impairment loss no longer required on other assets                 | -                       | -                       | 341,200                    | -                          |
| Impairment loss on investment in subsidiaries (IFRS)               | 197,414                 |                         | 515,335                    |                            |

- (f) Under the Nigerian GAAP, Investment in quoted securities were valued at net realizable value. The group opted to classify its investment in quoted securities as assets held at fair value through profit and loss.

Furthermore, the impairment loss on the investment securities held by a subsidiary were warehoused in other liabilities, IFRS requires that they be shown in the statement of comprehensive income. This erroneous entry was reversed in preparing the IFRS financial statement. The net impact is summarized as follows:

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

| <i>In thousands of naira</i>                                       | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <b>Consolidated and separate statement of financial position</b>   |                         |                         |                            |                            |
| Other Investments: GAAP  | 206,513                 | 333,492                 | 4,208                      | 4,208                      |
| Fair value (gain)/loss on quoted equities                          | 11,141                  | (42,923)                | 11,082                     | 11,798                     |
| Other Investments (IFRS)   | 217,654                 | 290,569                 | 15,290                     | 16,006                     |
| <b>Consolidated and separate statement of comprehensive income</b> |                         |                         |                            |                            |
| Fair value (gain)/loss on quoted equities (GAAP)                   | -                       | -                       | -                          | -                          |
| Fair value gain/(loss) on quoted equities                          | 72,915                  | -                       | 716                        | -                          |
| Fair value (gain)/loss on quoted equities (IFRS)                   | 72,915                  | -                       | 716                        | -                          |

(g) Under Nigerian GAAP, the group classified its stock of stationeries, library books and souvenirs as inventories. IAS 2 (Inventories) describes inventories as assets:

- Held for sale
- In the process of production for sale or
- In the form of materials or supplies to be consumed in the production process or in the rendering of services.

Thus, these items do not meet the requirements for inventories under IFRS and were therefore written off to the statement of comprehensive income. The net impact of this change is summarized below:

| <i>In thousands of naira</i>                                     | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Inventories (GAAP)   | 5,374                   | 17,135                  | 5,374                      | 17,135                     |
| Stationery, souvenirs and library books                          | (5,374)                 | (17,135)                | (5,374)                    | (17,135)                   |
| Inventories (IFRS)   | -                       | -                       | -                          | -                          |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (h) Under IFRS, the group recognizes its cash and cash equivalents at amortized cost. This led to a recognition of the interest receivables and unearned interests on these assets in cash and cash equivalents.

In addition, under Nigerian GAAP, The Exchange impaired some fixed deposits. The principal deposits and the impairment loss on these deposits were reclassified to other assets.

The impact of this change is summarized below:

| <i>In thousands of naira</i>                                     | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <u>Consolidated and separate statement of financial position</u> |                         |                         |                            |                            |
| Cash and cash equivalents (GAAP)                                 | 2,775,743               | 2,635,788               | 2,638,923                  | 2,528,286                  |
| Impairment loss on unsubstantiated bank                          | (39,603)                | (17,341)                | (40,858)                   | (17,340)                   |
| Cash and cash equivalents (IFRS)                                 | 2,736,140               | 2,618,447               | 2,598,065                  | 2,510,946                  |



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

(i) The net impact of the IFRS changes on accumulated fund is shown below:

| <i>In thousands of naira</i>                                     | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Accumulated fund (GAAP)  | 8,282,643               | 8,641,948               | 7,270,460                  | 7,373,725                  |
| Recognition of amount recovered from Ex-Council members          | 652,216                 | 611,632                 | 652,216                    | 611,632                    |
| Transfer of revaluation surplus to retained earnings             | 1,008,817               | 1,008,817               | -                          | -                          |
| Unsubstantiated assets   | (937,709)               | (889,454)               | (332,007)                  | (332,007)                  |
| Additional depreciation charge on property and equipment         | (129,718)               | (120,030)               | (129,718)                  | (119,919)                  |
| Unsubstantiated Staff debtors                                    | (20,289)                | (68,852)                | (20,289)                   | (68,852)                   |
| Unsubstantiated bank balances                                    | (38,965)                | (1,569)                 | (38,965)                   | (1,569)                    |
| Impairment loss on receivable from subsidiaries                  | -                       | -                       | (246,273)                  | (645,251)                  |
| Write back of credit balance warehoused in software              | 4,730                   | 4,730                   | 4,730                      | 4,730                      |
| Previously unrecognized expenses                                 | (7,763)                 | (4,217)                 | (7,763)                    | (4,217)                    |
| Impairment of doubtful receivable                                | (10,000)                | (10,000)                | (10,000)                   | (10,000)                   |
| Mark to market gain on investments                               | 11,081                  | 11,798                  | 11,081                     | 11,798                     |
| Expense of items classified as stock                             | (5,374)                 | (17,136)                | (5,374)                    | (17,136)                   |
| Reversal of liabilities to NSE/CSCS Cooperative                  | 114,979                 | 114,979                 | 114,979                    | 114,979                    |
| Reversal of provision on Investment in Coral properties          | -                       | -                       | 72,000                     | 72,000                     |
| Provision on gratuity liability                                  | (23,164)                | (307,143)               | (23,164)                   | (307,143)                  |
| Reversal of deferred tax liability                               | 555,933                 | 411,236                 | -                          | -                          |
| Transfer of pre-incorporation expenses to retained earnings      | (82,887)                | (270,506)               | -                          | -                          |
| <b>Accumulated fund (IFRS)</b>                                   | <b>9,374,530</b>        | <b>9,116,233</b>        | <b>7,311,913</b>           | <b>6,682,770</b>           |

(j) Under Nigerian GAAP, the Group measured its land and building using the revaluation model. Revaluation was carried out regularly (once in 3 years) and the revaluation surplus was recognized in the revaluation reserve. Under IFRS, the Group elected to measure its land and building using the cost model. IFRS 1 (first time adoption of IFRS) stipulates that if a revaluation model was used under previous GAAP but the cost model will be used under IFRS, then any existing revaluation surplus at the date of transition is reclassified as a separate component of equity (not described as a revaluation reserve) or transferred to retained earnings.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

In line with the requirement of IFRS1, the revaluation surplus on land and buildings were reclassified to retained earnings. The net impact of this change is shown below:"

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                     |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Revaluation reserve (GAAP)                                       | 1,008,817               | 1,008,817               |                            |                            |
| Transfer of revaluation surplus to retained earnings             | (1,008,817)             | (1,008,817)             | -                          | -                          |
| Revaluation reserve (IFRS)                                       | -                       | -                       | -                          | -                          |

- (k) Under Nigerian GAAP, the group warehoused pension amounts payable to pension fund administrators in other liabilities. This was reclassified to retirement benefit obligations (defined contributions) under IFRS. The impact of this change is shown below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                     |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b> |                         |                         |                            |                            |
| Retirement benefit obligations (GAAP)                            | 686,046                 | 1,295,432               | 686,046                    | 1,295,432                  |
| Defined contributions transferred from other liabilities         | 25,807                  | 14,959                  | 25,807                     | 14,959                     |
| Retirement benefit obligations (IFRS)                            | 711,853                 | 1,310,391               | 711,853                    | 1,310,391                  |

- (l) Under Nigerian GAAP, deferred tax liability was recognized on the property and equipment in Naira properties. The property and equipment items could not be adequately substantiated. This necessitated the reversal of the deferred tax liability as deferred tax is based on the timing difference between depreciation and capital allowance charges on PPE.

|   | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                  |                         |                         |                            |                            |
| Deferred tax (GAAP)   | 548,534                 | 411,236                 | -                          | -                          |
| Recognition of tax charge which was reversed on consolidation | 7,399                   | -                       | -                          | -                          |
| Reversal of deferred tax liability                            | (555,933)               | (411,236)               |                            |                            |
| Deferred tax (IFRS)   | -                       | -                       | -                          | -                          |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (m) The IFRS framework describes an asset as a resource controlled by an enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise. A liability is also defined as "a present obligation of an enterprise arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits."

Liabilities that do not meet the definition criteria under the IFRS framework were de-recognized. The impact of these changes are shown below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                       |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b>   |                         |                         |                            |                            |
| Other liabilities (GAAP)   | 4,313,151               | 4,288,975               | 4,098,730                  | 4,139,841                  |
| Reversal of Escrow account liability                               | (652,216)               | (611,632)               | (652,216)                  | (611,632)                  |
| Reversal of liability for Ex-council members' bonus                | (1,480,068)             | (1,482,565)             | (1,480,068)                | (1,482,565)                |
| Liabilities previously not recognized                              | 7,840                   | 4,287                   | 7,770                      | 4,217                      |
| Reversal of liability to NSE/CSCS Cooperative                      | (114,979)               | (114,979)               | (114,979)                  | (114,979)                  |
| Reclassify to retirement benefit obligation                        | (25,807)                | (14,958)                | (25,807)                   | (14,958)                   |
| Reclassification of unearned income                                | (5,806)                 | -                       | (5,806)                    | -                          |
| Elimination of additional intra-group liability                    | 164,526                 | 17,577                  | -                          | -                          |
| <b>Other liabilities (IFRS)</b>                                    | <b>2,206,641</b>        | <b>2,086,705</b>        | <b>1,827,624</b>           | <b>1,919,924</b>           |
| <b>(n)</b>   |                         |                         |                            |                            |
| Tax liabilities  | 31 Dec<br>2011          | 01 Jan<br>2011          | 31 Dec<br>2011             | 01 Jan<br>2011             |
| <i>In thousands of naira</i>                                       |                         |                         |                            |                            |
| <b>Consolidated and separate statement of financial position</b>   |                         |                         |                            |                            |
| Tax payable (GAAP)   | 66,961                  | 65,347                  | -                          | -                          |
| Recognition of tax charge which was reversed on consolidation      | 2,881                   | -                       | -                          | -                          |
| Recognition of minimum tax charge for NSE consult                  | 9                       | -                       | -                          | -                          |
| <b>Tax payable (IFRS)</b>  | <b>69,851</b>           | <b>65,347</b>           | <b>-</b>                   | <b>-</b>                   |
| <b>Consolidated and separate statement of comprehensive income</b> |                         |                         |                            |                            |
| Tax expenses (GAAP)  | (335,871)               | -                       | -                          | -                          |
| Recognition of minimum tax charge for NSE consult                  | (9)                     | -                       | -                          | -                          |
| Reversal of charge resulting from deferred tax                     | 134,417                 | -                       | -                          | -                          |
| Reversal of share of Associate's tax charge                        | 196,959                 | -                       | -                          | -                          |
| <b>Tax expenses (IFRS)</b>   | <b>(4,504)</b>          | <b>-</b>                | <b>-</b>                   | <b>-</b>                   |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (o) Under Nigerian GAAP, the group classified its stock of stationeries, library books and souvenirs as inventories. IAS 2 (Inventories) describes inventories as assets: - Held for sale - In the process of production for sale or - In the form of materials or supplies to be consumed in the production process or in the rendering of services. Thus, these items do not meet the requirements for inventories under IFRS and were therefore written off to the statement of comprehensive income.

IAS 18 (revenues) describes revenue as income that arises in the course of the ordinary activities of the entity. Other income is described as income that does not arise in the course of the ordinary activities of the entity but is a gain. Under Nigerian GAAP some other income items were classified as revenue and vice versa.

These items have been reclassified in these financial statements in accordance with the requirements of IFRS. The impact of these changes is shown below:

|  | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                 |                         |                         |                            |                            |
| Consolidated and separate statement of comprehensive income  |                         |                         |                            |                            |
| Other Income (GAAP)  | 351,175                 |                         | 288,787                    |                            |
| Other income recognized under IFRS                           | 11,761                  | -                       | 11,761                     | -                          |
| Reclassification from/ (to) revenue account                  | (135,518)               | -                       | 66,090                     | -                          |
| Elimination of additional intra-group income/expense         | (21,189)                |                         |                            |                            |
| Investment income on amount received from Ex-Council members | 38,084                  |                         | 38,084                     |                            |
| Other Income (IFRS)  | 244,313                 | -                       | 404,722                    | -                          |

- (p) Under Nigerian GAAP, some expenses which fall under the definition of employee benefits which were recognized as other expenses under Nigerian GAAP were reclassified to personnel expenses.

The net impact of these changes are shown below:

|   | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|---|-------------------------|-------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>                                |                         |                         |                            |                            |
| Consolidated and separate statement of comprehensive income |                         |                         |                            |                            |
| Personnel expenses (GAAP)                                   | 1,724,437               | -                       | 1,724,435                  | -                          |
| Employee benefits reclassified from general expenses        | 43,077                  | -                       | 43,082                     | -                          |
| Personnel expenses (IFRS)                                   | 1,767,514               | -                       | 1,767,517                  | -                          |

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

## FOR THE YEAR ENDED 31 DECEMBER 2012

- (q) Under Nigerian GAAP, the Staff debtors ledger warehoused the loans and other advances which were given to various employees of the exchange. The advances do not meet the description of assets under IFRS because they were retired by the employees and as such there is no expected inflow of economic benefits from them. These advances were therefore written off to the statement of comprehensive income as expenses. The net impact of these changes is shown below:

| <i>In thousands of naira</i>   | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <u>Consolidated and separate statement of comprehensive income</u>     |                         |                         |                            |                            |
| Operating expenses (GAAP)  | (1,273,936)             | -                       | (1,190,442)                | -                          |
| Unsubstantiated loans written to the statement of comprehensive income | 48,557                  | -                       | 48,557                     | -                          |
| Employee benefits reclassified from general expenses                   | 43,083                  | -                       | 43,084                     | -                          |
| Elimination of additional intra-group income/expense                   | 21,189                  | -                       | -                          | -                          |
| Elimination of intercompany receivable                                 | (1,084)                 | -                       | -                          | -                          |
| Unsubstantiated intra-group expenses                                   | 55,623                  | -                       | -                          | -                          |
| Expenses previously not recognized                                     | (3,546)                 | -                       | (3,546)                    | -                          |
| <u>Operating expenses (IFRS)</u>                                       | <u>(1,110,114)</u>      | <u>-</u>                | <u>(1,102,347)</u>         | <u>-</u>                   |

- (r) Under Nigerian GAAP, the group recognized its share of profit before tax and tax expense of its associate. In preparing the IFRS financial statement, we have recognized the group's share of the profit of the associate net of tax.

In addition, under Nigerian GAAP, the Group consolidates its associates by recognizing its share of the net assets of the associate. IAS 28 (investment in associates) also explains that investment in associates are accounted for using the equity method in the consolidated financial statement.

Comparison of the Groups share of its associate's net assets per Nigerian GAAP and IFRS revealed a difference of N17,398 which could not be substantiated. The Group's share of its associates net asset was therefore adjusted for this difference. The impact of this change is shown below:

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

| <i>In thousands of naira</i>                                       | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <b>Consolidated and separate statement of comprehensive income</b> |                         |                         |                            |                            |
| Share of Associate's profit (GAAP)                                 | 467,202                 | -                       | -                          |                            |
| Effect of tax on the Associate's profit                            | (179,561)               | -                       | -                          |                            |
| Unsubstantiated amount   | (17,398)                | -                       | -                          |                            |
| Share of Associate's profit (IFRS)                                 | 270,243                 | -                       | -                          |                            |

# VALUE ADDED STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2012

| <i>In thousands of naira</i>      | Group<br>31 Dec<br>2012    | %   | Group<br>31 Dec<br>2011    | %   |
|-----------------------------------|----------------------------|-----|----------------------------|-----|
| Gross earnings                    | 4,634,308                  |     | 3,816,761                  |     |
| Other expenses                    | (1,134,178)                |     | (1,110,114)                |     |
| Provision for losses              | (66,129)                   |     | 124,499                    |     |
|                                   | 3,434,001                  | 100 | 2,831,146                  | 100 |
| <b>DISTRIBUTION</b>               |                            |     |                            |     |
| <b>EMPLOYEES AND DIRECTORS</b>    |                            |     |                            |     |
| Personnel expenses                | 1,646,639                  | 48  | 1,767,514                  | 62  |
| <b>GOVERNMENT</b>                 |                            |     |                            |     |
| Tax expense                       | (28,275)                   | -   | 4,504                      | -   |
| <b>RETAINED IN THE BUSINESS</b>   |                            |     |                            |     |
| For Depreciation and Amortization | 634,302                    | 18  | 800,831                    | 28  |
| To augment reserves               | 1,181,335                  | 34  | 258,297                    | 10  |
|                                   | 3,434,001                  | 100 | 2,831,146                  | 100 |
|                                   | Exchange<br>31 Dec<br>2012 | %   | Exchange<br>31 Dec<br>2011 | %   |
| <i>In thousands of naira</i>      |                            |     |                            |     |
| Gross earnings                    | 3,959,321                  |     | 3,706,927                  |     |
| Other expenses                    | (1,125,235)                |     | (1,102,347)                |     |
| Provision for losses              | (86,322)                   |     | 514,619                    |     |
|                                   | 2,747,764                  | 100 | 3,119,199                  | 100 |
| <b>DISTRIBUTION</b>               |                            |     |                            |     |
| <b>EMPLOYEES AND DIRECTORS</b>    |                            |     |                            |     |
| Personnel expenses                | 1,646,639                  | 60  | 1,767,517                  | 57  |
| <b>GOVERNMENT</b>                 |                            |     |                            |     |
| Tax expense                       | -                          | -   | -                          | -   |
| <b>RETAINED IN THE BUSINESS</b>   |                            |     |                            |     |
| For Depreciation and Amortization | 587,289                    | 21  | 722,539                    | 23  |
| To augment reserves               | 513,836                    | 19  | 629,143                    | 20  |
|                                   | 2,747,764                  | 100 | 3,119,199                  | 100 |

# FINANCIAL SUMMARY

## FOR THE YEAR ENDED 31 DECEMBER 2012

|  | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Group<br>01 Jan<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 | Exchange<br>01 Jan<br>2011 |
|--|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <i>In thousands of naira</i>           |                         |                         |                         |                            |                            |                            |
| <b>STATEMENT OF FINANCIAL POSITION</b> |                         |                         |                         |                            |                            |                            |
| <b>ASSETS</b>                          |                         |                         |                         |                            |                            |                            |
| Property and equipment                 | 3,441,234               | 3,660,673               | 3,814,513               | 1,271,778                  | 1,446,526                  | 1,631,264                  |
| Intangible assets                      | 259,801                 | 594,835                 | 928,967                 | 252,511                    | 590,199                    | 924,331                    |
| Intercompany receivables               | -                       | -                       | -                       | 3,607,993                  | 3,514,716                  | 3,457,724                  |
| Investment in associates               | 3,793,918               | 3,238,841               | 3,171,098               | 387,804                    | 387,804                    | 387,804                    |
| Investment in subsidiaries             | -                       | -                       | -                       | 1,017,950                  | 1,017,700                  | 670,044                    |
| Other investments                      | 343,041                 | 217,654                 | 290,569                 | -                          | 15,290                     | 16,006                     |
| <b>Total non-current assets</b>        | <b>7,837,994</b>        | <b>7,712,003</b>        | <b>8,205,147</b>        | <b>6,538,036</b>           | <b>6,972,235</b>           | <b>7,087,173</b>           |
| Investment properties under            | 1,601,593               | 1,601,593               | 1,407,134               | -                          | -                          | -                          |
| Trade, other receivables               | -                       | -                       | -                       | -                          | -                          | -                          |
| and prepayments                        | 549,102                 | 312,738                 | 347,547                 | 549,102                    | 280,689                    | 314,565                    |
| Other investments                      | 1,989,408               | 401                     | 401                     | 1,989,408                  | 401                        | 401                        |
| Cash and cash equivalents              | 1,129,403               | 2,736,140               | 2,618,447               | 927,799                    | 2,598,065                  | 2,510,946                  |
| <b>Total current assets</b>            | <b>5,269,506</b>        | <b>4,650,872</b>        | <b>4,373,529</b>        | <b>3,466,309</b>           | <b>2,879,155</b>           | <b>2,825,912</b>           |
| <b>Total assets</b>                    | <b>13,107,500</b>       | <b>12,362,875</b>       | <b>12,578,676</b>       | <b>10,004,345</b>          | <b>9,851,390</b>           | <b>9,913,085</b>           |
| <b>EQUITY</b>                          |                         |                         |                         |                            |                            |                            |
| Accumulated fund                       | 10,527,590              | 9,374,530               | 9,116,233               | 7,825,749                  | 7,311,913                  | 6,682,770                  |
| <b>Total equity</b>                    | <b>10,527,590</b>       | <b>9,374,530</b>        | <b>9,116,233</b>        | <b>7,825,749</b>           | <b>7,311,913</b>           | <b>6,682,770</b>           |
| <b>LIABILITIES</b>                     |                         |                         |                         |                            |                            |                            |
| Retirement benefit obligations         | 162,537                 | 711,853                 | 1,310,391               | 162,537                    | 711,853                    | 1,310,391                  |
| <b>Total non current liabilities</b>   | <b>162,537</b>          | <b>711,853</b>          | <b>1,310,391</b>        | <b>162,537</b>             | <b>711,853</b>             | <b>1,310,391</b>           |
| Other liabilities                      | 2,319,247               | 2,206,641               | 2,086,705               | 2,016,059                  | 1,827,624                  | 1,919,924                  |
| Tax liabilities                        | 98,126                  | 69,851                  | 65,347                  | -                          | -                          | -                          |
| <b>Total current liabilities</b>       | <b>2,417,373</b>        | <b>2,276,492</b>        | <b>2,152,052</b>        | <b>2,016,059</b>           | <b>1,827,624</b>           | <b>1,919,924</b>           |
| <b>Total liabilities</b>               | <b>2,579,910</b>        | <b>2,988,345</b>        | <b>3,462,443</b>        | <b>2,178,596</b>           | <b>2,539,477</b>           | <b>3,230,315</b>           |
| <b>Total equity and liabilities</b>    | <b>13,107,500</b>       | <b>12,362,875</b>       | <b>12,578,676</b>       | <b>10,004,345</b>          | <b>9,851,390</b>           | <b>9,913,085</b>           |



## FINANCIAL SUMMARY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

| <i>In thousands of naira</i>                       | Group<br>31 Dec<br>2012 | Group<br>31 Dec<br>2011 | Exchange<br>31 Dec<br>2012 | Exchange<br>31 Dec<br>2011 |
|--|-------------------------|-------------------------|----------------------------|----------------------------|
| <b>INCOME STATEMENT</b>                            |                         |                         |                            |                            |
| Revenue  | 3,326,643               | 3,302,205               | 3,326,643                  | 3,302,205                  |
| Revenue  | 3,326,643               | 3,302,205               | 3,326,643                  | 3,302,205                  |
| Other income                                       | 617,588                 | 244,313                 | 632,678                    | 404,722                    |
| Impairment (loss)/reversal on<br>financial assets  | (66,129)                | 197,414                 | (86,322)                   | 515,335                    |
| Fair value gain/(loss) on investment<br>securities | -                       | (72,915)                | -                          | (716)                      |
| Personnel expenses                                 | (1,646,639)             | (1,767,514)             | (1,646,639)                | (1,767,517)                |
| Other expenses                                     | (1,740,205)             | (1,910,945)             | (1,712,524)                | (1,824,886)                |
| Net operating expense                              | (2,835,385)             | (3,309,647)             | (2,812,807)                | (2,673,062)                |
| Operating Surplus/(deficit)                        | 491,258                 | (7,442)                 | 513,836                    | 629,143                    |
| Share of profit of equity accounted investees      | -                       | -                       | -                          | -                          |
| (net of income tax)                                | 690,077                 | 270,243                 | -                          | -                          |
| Operating Surplus before tax                       | 1,181,335               | 262,801                 | 513,836                    | 629,143                    |
| Tax expense  | (28,275)                | (4,504)                 | -                          | -                          |
| Operating Surplus for the year                     | 1,153,060               | 258,297                 | 513,836                    | 629,143                    |

## BUSINESS REVIEW

| Name                                 | Profile   | Activities   | Strategic Development  |
|--------------------------------------|---|--|--|
| <b>Business Development Division</b> |   |  |  |
|                                      | <p>The division comprises of three departments, Listing Sales &amp; Retention, Product management and Branch Network. The Listing Sales and Retention department is responsible for attracting new companies to list and maintaining issuers relationships. Product management department is responsible for the development, expansion and packaging of domestic and foreign financial products – Equity, Bonds and Exchange Trade Funds (ETFs) and derivatives. Branch Network is responsible of implementing the NSE-wide management policies as they affect the 13 branch offices</p> | <p>In a challenging year globally, we had two new listings, as well as two listings of bank holding companies arising from the restructuring of bank activities mandated by the Central Bank of Nigeria. The X Value was launched during the year which is a suite of value added services for Issuers and prospects, comprising Independent Equity Research, Corporate Governance, Investor Relations, Corporate Access and Institutional Services. The introduction of the Equity Primary Market Making, securities lending and short selling as one of the initiatives introduced by The Exchange in 2012 to increase liquidity in the market. Since the introduction of market-making program, there has been a general restoration of investor's confidence as well as increased market liquidity. This year also witnessed the creation and listing of NSE Lotus Islamic Index and NSE 50 Index. At the branch level, we participated in 235 Financial Literacy programs across the 35 states and Abuja aside the various Television/Radio programs coordinated by some branch offices. Through Branch network, The Exchange was able to reach some critical stakeholders in the market in 2012. In particular, the Capital Market Conference that took place in Warri, Delta as well as the CEO visits to Anambra, Delta and Kano States allowed The Exchange to reach critical existing and potential market participants as well as initiate strategic partnerships with some State Governments and the organized private sector outside Lagos.</p> | <p>Advocacy efforts were directed at facilitating the listing of companies in key economic sectors. Input was made into the proposed Petroleum Industry Bill and we engaged closely with the privatization agency on the eventual listing of the privatized power companies. Plans were underway in 2013 to commence the roll out of supplemental market makers as well as the launch of the retail bond trading. ETF's offerings would be diversified to include ETFs based on our local indices. The division would continue to create awareness and opportunities on the capital market products.</p> |

## BUSINESS REVIEW (CONT'D)

| Name                               | Profile  | Activities   | Strategic Development  |
|------------------------------------|--|--|--|
| <b>Corporate Services Division</b> |  |  |  |
| Human Resources                    | <p>The Human Resources department provides overall policy direction on human resource management issues and administrative support functions related to the management of staff.</p> <p>It focuses on the strategic and comprehensive approach to managing employees and the workplace culture and environment. This enables our employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.</p> <p>The objective of the department is to support The Exchange's efforts to recruit, develop and retain a diverse and competent workforce and to comply with all applicable employment related laws.</p> <p>Led by the head of Human Resources, the department consists of three (3) strategic units and distinct areas of responsibility: Talent Management, Learning and Development; and HR Admin.</p> | <p>The main activities of the Human resources Department are of 3 folds:</p> <p>Talent Management: TM focuses on recruitment, competency development and performance management. It seeks to systematically attract, develop, deploy and retain human resources capabilities across board. It also has responsibility for the broad policies that govern employees at The Exchange.</p> <p>Learning &amp; Development: The L&amp;D function focuses on development and growth of Employees. It aims to promote an overall coherent approach to learning activities (monitoring, evaluation and reporting). It also includes development of policies and frameworks that drive implementation of leaning activities.</p> <p>HR Admin: HR Admin focuses on employee welfare management, compensation and benefits administration, and employees relations and engagement activities.</p> | <ul style="list-style-type: none"> <li>· Performance management System</li> <li>· Standard Compensation Structure</li> <li>· Soft Skills development across the organisations</li> <li>· Knowledge sharing and transfer</li> <li>· Employee Engagement – Employee Satisfaction Survey</li> </ul> <p>Achievement</p> <ul style="list-style-type: none"> <li>· Restructured and improved compensation structure; 100% compliance with PAYE tax regime</li> <li>· Trained 98% of employees within a year</li> <li>· Implemented an organisation-wide objective-based performance management process - to improve employee performance and the overall organization performance</li> <li>· Implemented a new healthcare management scheme (HMO) for staff</li> <li>· Rolled out our Financial Literary Program i.e. Investor Clinic Program</li> <li>· Implemented an internal Brown bag series program to enhance knowledge sharing and networking among employees</li> <li>· Introduced a series of staff management related policies and procedures, key one being the revised Employee Handbook</li> </ul> <p>Rolled out our first Employee Satisfaction Survey – aimed at soliciting employee feedback which allows the organization evaluate how the Company is thriving</p> |

## BUSINESS REVIEW (CONT'D)

| Name                                 | Profile   | Activities   | Strategic Development   |
|--------------------------------------|---|--|---|
| <b>Legal and Regulation Division</b> |   |  |   |
| Broker Dealer Regulation             | The department is responsible for regulating Dealing Member Firms of The Exchange. It licenses new Dealing Members to trade on The Exchange. The department supervises all the Dealing Firms and ensures that they operate in line with the rules and regulations of The Exchange. It charges fees for new licensing, transfer of existing licenses of The Exchange and collects stipulated fines and penalties from defaulting Dealing Members of The Exchange   | Despite the challenging market conditions in the year under review, two new (2) Dealing licenses were activated by the department. | <p>As part of the department's drive towards zero tolerance for infractions in the market, it developed a Brokers Trax report which highlights Dealing Member firms that contravene the rules and regulations of The Exchange. The Brokers Trax report is available to the public, the objective is to guide them in making better informed decisions of the firms they choose to do business with and to enhance investors protection.</p> <p>Compliance Performance<br/>The department achieved a 34% reduction in the number of Firms who defaulted in their submission of quarterly renditions in 2012 compare to 2011 (2012: 59; 2011: 90)</p> |
| Listings Regulation                  | The primary focus for Listings Regulation is to ensure that as a front-line regulator, the landscape is fair, efficient and transparent for both Issuers and investors, hence the creation of the three specialized units – Listings Analysis, Compliance and Enforcement. As the gateway of Issuers to The Exchange, our Listing process is speedier with cycle time for appraising and processing Applications for New Issues reduced to about ten days with Quotations Committee of Management granting approvals expeditiously. The Department also ensures that issuers maintain their listing by enforcing adherence to post-listing rules. | 33 applications were processed; two new companies and 10 bonds (States and Corporates) were listed during the year.                | The Department aligning with the corporate objective of The Exchange on stronger regulatory environment and investor protection launched the X-Compliance report. This is a transparency initiative designed to maintain market integrity and protect investors through snapshots provision of information to guide investment decisions. We have also become proactive and more engaging in our effort to encourage the listed companies comply with our Rules through introduction of periodic alerts with respect to their filing obligations.   |



## BUSINESS REVIEW (CONT'D)

| Name  | Profile   | Activities   | Strategic Development  |
|---|---|--|--|
| <b>Market Operation &amp; Technology Division</b> |   |  |  |
| Market Data                                       | <p>The Exchange Data department is responsible for the provisions of data to all customers both internal and external. This department provides Real-time, Delayed, End of Day and historical data to all its customers via its various dissemination methods. The data provided can either be complimentary or incur a cost. Market Data department works together with market operations to drive transparency throughout the market and ensure customers are kept up to date with all information and drive efficient investment decision making.</p>  | <p>In January 2012, The Exchange launched its first ever Data portal where customers could view various real-time, EOD and Historical reports online via The Exchange website. Later that year, The Exchange took over all market data distribution from third parties and signed its first 6 market data vendors who now transmit The Exchange market data globally. By the last quarter 2012, market data report subscribers rose by 20%. The list of the current Market data vendors is as follows: Reuters, Bloomberg, DFN, Six Telekurs, Interactive Data, Google, I.net Bridge and Fact set.</p>   | <p>The Exchange is focused on increasing its market data potential, increasing the number of NSE market data carriers, by at least 100% in the year 2013. The Exchange is also focused on conforming to global standards, by carrying out best practices with regards to market data. The year 2013 will see the launch of the new NSE trading platform which will have a huge significant impact on its market data products and capabilities. In line with the strategic development of The Exchange, the market data will be adding new products to its current market data product range.</p>  |
| Transformation and Change                         | <p>The Transformation &amp; Change department was set up to drive the transformation agenda of The Exchange in achieving its goal of 5 Products by 2016 and \$1 Trillion Market Capitalization. The department is responsible for developing the tools and templates that will strengthen the NSE's project delivery approach supported by a robust and consistent methodology for running and reporting on projects, that delivery operational efficiency and process improvement. The department also has external responsibilities to develop and leverage relationships with stakeholders in an effort to implementing Market-wide related initiative successfully.</p> | <p>In January 2012, The Exchange launched its fully managed X-NET service, which has since successfully deployed over 80 remote broker dealer connections and generated a sales of over N65m, making the dial-up remote connection obsolete in the process. In February, The Exchange became a member of FIX Protocol Limited (FPL), in line with its strategic implementation of its new trading platform.</p> <p>Transformation &amp; Change worked with the Products Management department to launch the Lotus Capital Islamic Index, the first of its kind in West Africa. The department facilitated a Capital Market practicum on Market Making, Securities &amp; Short Selling, a precursor to the successful launch of the NSE Market Making program in September 2012</p> | <p>The NSE is focused on achieving its goals of 5 products and \$1 Trillion Market Capitalization by 2016, and the Transformation &amp; Change department, is strategically positioned to help drive its market initiatives and operational efficiency. In 2013, Transformation and Change will continue to work with Market Participants to deliver Securities Lending and Short Selling, as well as the implementation of the Supplementary Market Making program.</p> <p>Internally, the department will continue to help drive operational efficiency and cost reduction through its business process re-engineering initiative.</p> |

## COMPARATIVE TRADING ACTIVITIES (1969 - 2012)

| PERIOD  | GOVT. BONDS<br>STOCKS (N) | ETFs<br>STOCKS (N) | CORPORATE BONDS/<br>EQUITIES (N) | TOTAL<br>(N)         |
|---------|---------------------------|--------------------|----------------------------------|----------------------|
| 1968/69 | 17,330,820.00             | -                  | 102,294.00                       | 17,433,114.00        |
| 1969/70 | 15,634,480.00             | -                  | 221,800.00                       | 15,856,280.00        |
| 1970/71 | 30,544,260.00             | -                  | 3,080,100.00                     | 33,624,360.00        |
| 1971/72 | 26,738,800.00             | -                  | 1,303,242.00                     | 28,042,042.00        |
| 1972/73 | 26,125,520.00             | -                  | 671,534.00                       | 26,797,054.00        |
| 1973/74 | 99,348,520.00             | -                  | 1,261,995.00                     | 100,610,515.00       |
| 1974/75 | 63,664,830.00             | -                  | 549,322.00                       | 64,214,152.00        |
| 1975/76 | 80,634,830.00             | -                  | 788,853.00                       | 81,423,683.00        |
| 1976/77 | 153,849,760.00            | -                  | 2,271,990.00                     | 156,121,750.00       |
| 1977/78 | 226,961,915.00            | -                  | 3,045,040.00                     | 230,006,955.00       |
| 1978/79 | 143,500,740.00            | -                  | 1,987,401.00                     | 145,488,141.00       |
| 1979/80 | 512,034,222.00            | -                  | 10,816,784.00                    | 522,851,006.00       |
| 1981    | 326,178,957.00            | -                  | 6,119,169.00                     | 332,298,126.00       |
| 1982    | 208,215,689.00            | -                  | 8,188,927.00                     | 216,404,616.00       |
| 1983    | 384,870,312.00            | -                  | 13,000,755.00                    | 397,871,067.00       |
| 1984    | 234,115,541.00            | -                  | 15,702,860.00                    | 249,818,401.00       |
| 1985    | 287,840,413.00            | -                  | 23,264,741.00                    | 311,105,154.00       |
| 1986    | 475,846,312.00            | -                  | 11,986,021.00                    | 487,832,333.00       |
| 1987    | 282,251,808.00            | -                  | 4,045,706.00                     | 286,297,514.00       |
| 1988    | 215,829,622.00            | -                  | 34,485,043.00                    | 250,314,665.00       |
| 1989    | 582,430,369.00            | -                  | 71,129,746.00                    | 653,560,115.00       |
| 1990    | 172,801,696.00            | -                  | 133,540,209.00                   | 306,341,905.00       |
| 1991    | 92,675,151.00             | -                  | 141,864,629.00                   | 234,539,780.00       |
| 1992    | 85,020,960.00             | -                  | 406,547,508.00                   | 491,568,468.00       |
| 1993    | 84,258,773.00             | -                  | 577,796,580.00                   | 662,055,353.00       |
| 1994    | 15,202,218.00             | -                  | 970,679,018.00                   | 985,881,236.00       |
| 1995    | -                         | -                  | 1,838,838,622.00                 | 1,838,838,622.00     |
| 1996    | 90,033,365.00             | -                  | 6,972,754,416.00                 | 7,062,787,781.00     |
| 1997    | 140,006,265.00            | -                  | 10,932,044,322.00                | 11,072,050,587.00    |
| 1998    | 15,558,832.00             | -                  | 13,555,289,669.00                | 13,570,848,501.00    |
| 1999    | 827,121.00                | -                  | 14,081,521,735.00                | 14,082,348,856.00    |
| 2000    | 8,120,399.00              | -                  | 28,146,458,410.00                | 28,154,578,809.00    |
| 2001    | 24,591,381.00             | -                  | 57,612,604,539.00                | 57,637,195,920.00    |
| 2002    | 1,009,564,210.00          | -                  | 59,311,332,162.08                | 60,320,896,372.08    |
| 2003    | 281,160,000.00            | -                  | 120,421,876,169.35               | 120,703,036,169.35   |
| 2004    | 300,015,175.00            | -                  | 225,520,515,560.07               | 225,820,530,735.07   |
| 2005    | 7,321,040,000.00          | -                  | 255,616,316,433.28               | 262,937,356,433.28   |
| 2006    | 1,593,360,000.00          | -                  | 468,660,440,979.77               | 470,253,800,979.77   |
| 2007    | -                         | -                  | 2,086,294,593,691.07             | 2,086,294,593,691.07 |
| 2008    | 1,000,000.00              | -                  | 2,379,142,699,671.75             | 2,379,143,699,671.75 |
| 2009    | -                         | -                  | 685,717,121,523.38               | 685,717,121,523.38   |
| 2010    | 3,252,300.00              | -                  | 797,547,911,279.91               | 797,551,163,579.91   |
| 2011    | -                         | -                  | 634,916,944,723.95               | 634,916,944,723.95   |
| 2012    | 8,239,298.50              | 454,610,692.69     | 657,767,439,181.31               | 658,230,289,172.50   |



# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

JANUARY - FEBRUARY - MARCH, 2012

| SECTOR                            | JANUARY       |                   | FEBRUARY      |                   | MARCH         |                   |
|-----------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                                   | VOLUME        | VALUE             | VOLUME        | VALUE             | VOLUME        | VALUE             |
| ASeM                              |               |                   |               |                   |               |                   |
| CONSTRUCTION/REAL ESTATE          | 51,200        | 55,868.00         | 500           | 570.00            | 5,500         | 6,054.00          |
| CONSUMER GOODS                    | 0             | -                 | 1100          | 627.00            | 0             | 0                 |
| INDUSTRIAL GOODS                  | 0             | -                 | 0             | -                 | 104,080       | 169,650.40        |
| OIL AND GAS                       | 155,569       | 77,784.50         | 191,823       | 95,911.50         | 54,952        | 27,476.00         |
| SERVICES                          | 688           | 1,809.44          | 15,200        | 39,976.00         | 0             | 0.00              |
| Sub Total                         | 207,457       | 135,461.94        | 208623        | 137,084.50        | 164,532       | 203,180.40        |
| ETFs                              |               |                   |               |                   |               |                   |
| ETFs                              | 21,870        | 57,894,221.09     | 8,748         | 23,619,509.10     | 13,878        | 35,669,279.00     |
| Sub Total                         | 21,870        | 57,894,221.09     | 8,748         | 23,619,509.10     | 13,878        | 35,669,279.00     |
| Main Board                        |               |                   |               |                   |               |                   |
| AGRICULTURE                       | 30,901,818    | 55,096,046.80     | 71,053,758    | 219,270,647.61    | 62,927,765    | 319,206,569.19    |
| CONGLOMERATES                     | 52,850,088    | 388,811,420.94    | 184,474,038   | 658,941,565.60    | 524,566,300   | 962,089,284.81    |
| CONSTRUCTION/REAL ESTATE          | 122,347,845   | 4,873,193,303.83  | 16,012,807    | 247,077,158.28    | 11,586,560    | 257,631,212.91    |
| CONSUMER GOODS                    | 710,731,992   | 10,320,950,770.91 | 444,283,304   | 12,712,387,503.77 | 486,688,743   | 26,733,794,247.35 |
| FINANCIAL SERVICES                | 2,910,166,634 | 14,150,947,184.06 | 6,805,175,849 | 27,427,472,988.25 | 5,858,756,349 | 33,782,263,726.44 |
| HEALTHCARE                        | 18,361,762    | 74,543,980.56     | 47,216,412    | 175,554,651.99    | 47,284,561    | 159,519,090.45    |
| ICT                               | 56,898,808    | 33,908,752.70     | 126,252,391   | 72,623,110.03     | 74,828,257    | 94,231,253.28     |
| INDUSTRIAL GOODS                  | 39,226,567    | 1,000,273,752.72  | 95,054,843    | 1,535,764,396.01  | 153,377,880   | 3,135,391,764.70  |
| NATURAL RESOURCES                 | 5,042,194     | 11,739,917.21     | 1,454,947     | 8,547,290.35      | 5,721,954     | 3,806,081.68      |
| OIL AND GAS                       | 78,310,124    | 673,054,928.78    | 135,059,036   | 1,489,813,816.61  | 149,484,053   | 2,611,290,145.74  |
| SERVICES                          | 63,282,212    | 116,965,511.87    | 133,090,225   | 376,154,275.48    | 111,885,158   | 279,585,822.09    |
| Sub Total                         | 4,088,120,044 | 31,699,485,570.38 | 8,059,127,610 | 44,923,607,403.98 | 7,487,107,580 | 68,338,809,198.64 |
| Corporate Bonds/Debentures        | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Government Bonds--State and Local | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Preference Stocks                 | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Sub Total                         | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| LONG-DATED                        |               |                   |               |                   |               |                   |
| Government Bonds--Federal         | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Sub Total                         | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| SHORT-DATED (<= 5YRS)             |               |                   |               |                   |               |                   |
| Government Bonds--Federal         | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Sub Total                         | 0             | -                 | 0             | -                 | 0.00          | 0.00              |
| Grand Total                       | 4,088,349,371 | 31,757,515,253.41 | 8,059,344,981 | 44,947,363,997.58 | 7,487,285,990 | 68,374,681,658.04 |

# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

APRIL - MAY - JUNE, 2012

| SECTOR                            | APRIL         |                   | MAY           |                   | JUNE           |                   |
|-----------------------------------|---------------|-------------------|---------------|-------------------|----------------|-------------------|
|                                   | VOLUME        | VALUE             | VOLUME        | VALUE             | VOLUME         | VALUE             |
| ASeM                              |               |                   |               |                   |                |                   |
| CONSTRUCTION/REAL ESTATE          | 109,100       | 124379.00         | 63,340        | 64,220.00         | 1,120          | 1,153.60          |
| CONSUMER GOODS                    | 200           | 194.00            | 5,050         | 4,898.50          | 0              | 0                 |
| INDUSTRIAL GOODS                  | 0             | 0                 | 200           | 310.00            | 14,000         | 21,700.00         |
| OIL AND GAS                       | 1010          | 505               | 205,000       | 102,500.00        | 14,700         | 7,350.00          |
| SERVICES                          | 0             | 0                 | 0             | 0.00              | 26,150         | 68,774.50         |
| Sub Total                         | 110,310       | 125,078.00        | 273,590       | 171,928.50        | 55,970         | 98,978.10         |
| ETFs                              |               |                   |               |                   |                |                   |
| ETFs                              | 318           | 800885.00         | 4,395         | 10731908.50       | 32,909         | 83,604,214.00     |
| Sub Total                         | 318           | 800885.00         | 4,395         | 10731908.50       | 32,909         | 83,604,214.00     |
| Main Board                        |               |                   |               |                   |                |                   |
| AGRICULTURE                       | 28,800,169    | 359,011,623.91    | 31,564,016    | 408,101,024.83    | 46,113,157     | 274,445,777.90    |
| CONGLOMERATES                     | 799,549,296   | 909,439,961.89    | 476,592,962   | 943,208,077.34    | 811,328,669    | 1,350,065,300.74  |
| CONSTRUCTION/REAL ESTATE          | 20,869,278    | 261,091,894.11    | 23,618,850    | 367,817,805.87    | 6,919,497      | 135,127,069.27    |
| CONSUMER GOODS                    | 363,200,688   | 12,675,036,580.18 | 606,069,651   | 12,929,703,829.06 | 246,532,343    | 8,069,321,065.50  |
| FINANCIAL SERVICES                | 5,547,513,989 | 36,455,293,591.75 | 6,422,599,652 | 48,978,658,400.75 | 8,936,478,592  | 35,098,110,399.67 |
| HEALTHCARE                        | 43,398,016    | 152,206,154.82    | 79,111,468    | 144,993,262.74    | 114,313,649    | 536,368,096.27    |
| ICT                               | 6,696,125     | 22,095,219.21     | 419,705,731   | 856,195,651.89    | 75,182,946     | 51,642,619.54     |
| INDUSTRIAL GOODS                  | 79,686,056    | 1,421,016,430.54  | 93,184,840    | 1,070,329,558.08  | 87,555,566     | 1,200,604,972.18  |
| NATURAL RESOURCES                 | 73,673,077    | 40,909,984.66     | 6,259,383     | 4,798,401.78      | 1,282,901      | 1,578,423.29      |
| OIL AND GAS                       | 209,918,161   | 1,776,227,669.23  | 194,019,949   | 3,759,375,021.34  | 151,187,774    | 1,077,533,075.95  |
| SERVICES                          | 193,249,412   | 286,761,941.82    | 166,172,798   | 315,212,361.99    | 128,801,336    | 296,581,341.99    |
| Sub Total                         | 7,366,554,267 | 54,359,091,052.12 | 8,518,899,300 | 69,778,393,395.67 | 10,605,696,430 | 48,091,378,142.30 |
| Corporate Bonds/Debentures        | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| Government Bonds--State and Local | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| Preference Stocks                 | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| Sub Total                         | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| LONG-DATED                        |               |                   |               |                   |                |                   |
| Government Bonds--Federal         | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| Sub Total                         | 0             | 0.00              | 0             | 0.00              | 0.00           | 0.00              |
| SHORT-DATED (<= 5YRS)             |               |                   |               |                   |                |                   |
| Government Bonds--Federal         | 0             | 0.00              | 260           | 242075.00         | 1,750.00       | 1,286,882.50      |
| Sub Total                         | 0             | 0.00              | 260           | 242075.00         | 1,750.00       | 1,286,882.50      |
| Grand Total                       | 7,366,664,895 | 54,360,017,015.12 | 8,519,177,545 | 69,789,539,307.67 | 10,605,785,309 | 48,175,081,334.40 |





# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

JULY - AUGUST, - SEPTEMBER, 2012

| SECTOR                            | JULY          |                   | AUGUST        |                   | SEPTEMBER      |                   |
|-----------------------------------|---------------|-------------------|---------------|-------------------|----------------|-------------------|
|                                   | VOLUME        | VALUE             | VOLUME        | VALUE             | VOLUME         | VALUE             |
| AseM                              |               |                   |               |                   |                |                   |
| CONSTRUCTION/REAL ESTATE          | 1,300         | 1,297.00          | 1,202,000     | 1,602,688.00      | 4,500          | 6,975.00          |
| CONSUMER GOODS                    | 100           | 97.00             | 15,500        | 11,235.00         | 500,000        | 485,000.00        |
| INDUSTRIAL GOODS                  | 9,500         | 14,725.00         | 8,620         | 13,361.00         | -              | -                 |
| OIL AND GAS                       | 46,140        | 23,070.00         | 9,250         | 4,675.00          | 1,005,300      | 502,700.00        |
| SERVICES                          | 2,000         | 5,260.00          | -             | -                 | -              | -                 |
| Sub Total                         | 59,040        | 44,449.00         | 1,235,370     | 1,631,959.00      | 1,509,800      | 994,675.00        |
| ETFs                              |               |                   |               |                   |                |                   |
| ETFs                              | 17,741        | 44,440,648.00     | 15,231        | 37,983,395.00     | 38,500         | 101,528,860.00    |
| Sub Total                         | 17,741        | 44,440,648.00     | 15,231        | 37,983,395.00     | 38,500         | 101,528,860.00    |
| Main Board                        |               |                   |               |                   |                |                   |
| AGRICULTURE                       | 54,972,771    | 724,766,550.26    | 37,542,022    | 180,056,872.49    | 52,754,998     | 526,227,822.53    |
| CONGLOMERATES                     | 329,188,954   | 586,463,989.61    | 202,123,709   | 398,311,853.51    | 265,237,657    | 667,534,849.24    |
| CONSTRUCTION/REAL ESTATE          | 17,410,231    | 185,714,937.84    | 5,606,607     | 98,078,450.88     | 30,011,022     | 451,795,477.89    |
| CONSUMER GOODS                    | 369,652,265   | 13,226,790,063.65 | 339,566,616   | 11,211,714,355.29 | 437,351,685    | 10,630,268,356.60 |
| FINANCIAL SERVICES                | 4,493,654,960 | 27,082,491,040.06 | 4,301,631,186 | 28,484,957,152.46 | 8,517,120,605  | 51,413,710,319.76 |
| HEALTHCARE                        | 580,510,894   | 672,847,395.68    | 133,981,687   | 731,026,190.13    | 170,197,482    | 446,892,799.56    |
| ICT                               | 62,272,663    | 33,895,182.43     | 67,362,427    | 36,822,505.52     | 43,187,875     | 79,651,349.45     |
| INDUSTRIAL GOODS                  | 133,422,010   | 2,356,659,688.49  | 113,162,591   | 1,551,697,742.41  | 315,423,788    | 2,663,438,461.82  |
| NATURAL RESOURCES                 | 10,142,044    | 7,246,053.99      | 22,713,905    | 11,895,074.49     | 1,141,505      | 878,150.63        |
| OIL AND GAS                       | 158,215,709   | 1,776,737,100.47  | 144,429,355   | 717,426,172.94    | 192,691,013    | 1,427,000,299.23  |
| SERVICES                          | 87,557,480    | 242,863,023.50    | 133,447,312   | 380,146,020.26    | 64,356,105     | 177,956,876.09    |
| Sub Total                         | 6,296,999,981 | 46,896,475,025.98 | 5,501,567,417 | 43,802,132,390.38 | 10,089,473,735 | 68,485,354,762.80 |
| Corporate Bonds/Debentures        | -             | -                 | 10,000        | 946,410.00        | -              | -                 |
| Government Bonds--State and Local | -             | -                 | -             | -                 | -              | -                 |
| Preference Stocks                 | -             | -                 | -             | -                 | -              | -                 |
| Sub Total                         | -             | -                 | 10,000        | 946,410.00        | -              | -                 |
| LONG-DATED                        |               |                   |               |                   |                |                   |
| Government Bonds--Federal         | -             | -                 | -             | -                 | -              | -                 |
| Sub Total                         | -             | -                 | -             | -                 | -              | -                 |
| SHORT-DATED (<= 5YRS)             |               |                   |               |                   |                |                   |
| Government Bonds--Federal         | 1,750         | 1,286,882.50      | -             | -                 | -              | -                 |
| Sub Total                         | 1,750         | 1,286,882.50      | -             | -                 | -              | -                 |
| Grand Total                       | 6,297,078,512 | 46,942,247,005.48 | 5,502,828,018 | 43,842,694,154.38 | 10,091,022,035 | 68,587,878,297.80 |

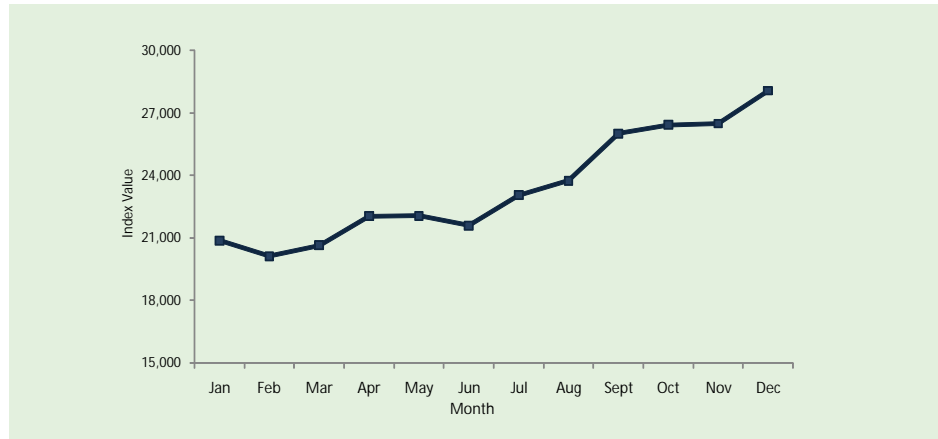
# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

## OCTOBER - NOVEMBER - DECEMBER, 2012

| SECTOR                            | OCTOBER        |                   | NOVEMBER      |                   | DECEMBER      |                   |
|-----------------------------------|----------------|-------------------|---------------|-------------------|---------------|-------------------|
|                                   | VOLUME         | VALUE             | VOLUME        | VALUE             | VOLUME        | VALUE             |
| ASeM                              |                |                   |               |                   |               |                   |
| CONSTRUCTION/REAL ESTATE          | 2,400          | 3,720.00          | 0             | -                 | 300           | 465.00            |
| CONSUMER GOODS                    | 12,500         | 11,445.00         | 121,654       | 112,938.22        | 343,600       | 289,076.00        |
| INDUSTRIAL GOODS                  | 2000           | 3,100.00          | 9,003         | 13,954.65         | 7,000         | 10,850.00         |
| OIL AND GAS                       | 33,000         | 16,500.00         | 34,545        | 17,272.50         | 800           | 400.00            |
| SERVICES                          | 0              | -                 | 52,000        | 136,760.00        | 380           | 950.00            |
| Sub Total                         | 49,900         | 34,765.00         | 217,202       | 280,925.37        | 352,080       | 301,741.00        |
| ETFs                              |                |                   |               |                   |               |                   |
| ETFs                              | 18,000         | 47,624,900.00     | 1,756         | 4,646,897.00      | 2,342         | 6,065,976.00      |
| Sub Total                         | 18,000         | 47,624,900.00     | 1,756         | 4,646,897.00      | 2,342         | 6,065,976.00      |
| Main Board                        |                |                   |               |                   |               |                   |
| AGRICULTURE                       | 286,147,417    | 721,608,789.76    | 39,965,672    | 207,445,045.01    | 31,048,104    | 350,998,940.27    |
| CONGLOMERATES                     | 538,941,294    | 1,134,473,304.18  | 368,620,106   | 802,546,311.77    | 397,362,848   | 645,327,999.37    |
| CONSTRUCTION/REAL ESTATE          | 52,468,753     | 1,369,216,291.32  | 20,082,493    | 353,902,640.90    | 12,624,676    | 170,966,274.76    |
| CONSUMER GOODS                    | 3,645,773,464  | 42,783,928,187.68 | 468,289,898   | 13,467,597,055.86 | 288,069,572   | 12,419,760,933.83 |
| FINANCIAL SERVICES                | 5,388,273,653  | 41,299,406,010.92 | 3,761,255,620 | 24,340,342,056.60 | 3,880,051,584 | 29,179,965,366.16 |
| HEALTHCARE                        | 169,587,622    | 490,966,823.29    | 61,891,239    | 436,719,867.00    | 31,494,353    | 153,432,248.30    |
| ICT                               | 16,105,002     | 15,223,574.51     | 13,603,233    | 18,233,362.64     | 37,362,659    | 32,250,379.36     |
| INDUSTRIAL GOODS                  | 124,761,691    | 2,200,478,728.43  | 179,919,879   | 2,475,418,759.52  | 146,872,470   | 2,035,681,847.42  |
| NATURAL RESOURCES                 | 487,559        | 1,268,153.18      | 24,043,009    | 15,538,450.03     | 35,248,793    | 22,714,514.09     |
| OIL AND GAS                       | 155,149,744    | 1,203,300,007.28  | 302,279,149   | 824,925,307.35    | 104,041,826   | 1,269,551,788.87  |
| SERVICES                          | 102,001,410    | 239,516,341.63    | 264,389,282   | 448,218,670.28    | 188,158,807   | 257,627,981.68    |
| Sub Total                         | 10,479,697,609 | 91,459,386,212.18 | 5,504,339,580 | 43,390,887,526.96 | 5,152,335,692 | 46,538,278,274.11 |
| Corporate Bonds/Debentures        | 0.00           | -                 | 1,000         | 100,000.00        | -             | -                 |
| Government Bonds--State and Local | 0.00           | -                 | 0             | -                 | -             | -                 |
| Preference Stocks                 | 0.00           | -                 | 0             | -                 | -             | -                 |
| Sub Total                         | 0.00           | -                 | 1,000         | 100,000.00        | -             | -                 |
| LONG-DATED                        |                |                   |               |                   |               |                   |
| Government Bonds--Federal         | 0.00           | -                 | 0             | -                 | 2,400         | 2,897,200.00      |
| Sub Total                         | 0.00           | -                 | 0             | -                 | 2,400         | 2,897,200.00      |
| SHORT-DATED (<= 5YRS)             |                |                   |               |                   |               |                   |
| Government Bonds--Federal         | 0.00           | -                 | 650           | 572,031.00        | 2,350         | 2,194,700.00      |
| Sub Total                         | 0.00           | -                 | 650           | 572,031.00        | 2,350         | 2,194,700.00      |
| Grand Total                       | 10,479,765,509 | 91,507,045,877.18 | 5,504,560,188 | 43,396,487,380.33 | 5,152,694,864 | 46,549,737,891.11 |

# THE ALL -SHARE INDEX 2012

|       |           |
|-------|-----------|
| Jan.  | 20,875.83 |
| Feb.  | 20,123.51 |
| Mar.  | 20,652.47 |
| April | 22,045.66 |
| May   | 22,066.40 |
| June  | 21,599.57 |
| July  | 23,061.38 |
| Aug.  | 23,750.82 |
| Sept. | 26,011.64 |
| Oct.  | 26,430.92 |
| Nov.  | 26,494.44 |
| Dec.  | 28,078.81 |

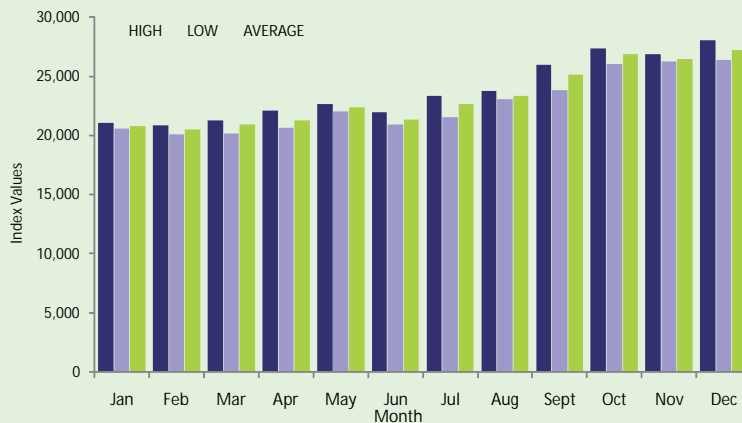


THE NSE ALL-SHARE INDEX 2012

## NSE ALL SHARE INDEX (High, Low, Average 2012)

| MONTH     | HIGH      | LOW       | AVERAGE   |
|-----------|-----------|-----------|-----------|
| JANUARY   | 21,072.27 | 20,598.67 | 20,801.61 |
| FEBRUARY  | 20,877.64 | 20,123.51 | 20,516.51 |
| MARCH     | 21,261.29 | 20,193.40 | 20,918.96 |
| APRIL     | 22,109.76 | 20,650.95 | 21,272.80 |
| MAY       | 22,665.99 | 22,066.40 | 22,413.52 |
| JUNE      | 21,963.87 | 20,902.95 | 21,367.84 |
| JULY      | 23,381.05 | 21,571.67 | 22,686.09 |
| AUGUST    | 23,750.82 | 23,066.74 | 23,351.49 |
| SEPTEMBER | 26,011.64 | 23,864.05 | 25,185.37 |
| OCTOBER   | 27,371.30 | 26,023.10 | 26,884.77 |
| NOVEMBER  | 26,883.76 | 26,226.25 | 26,465.38 |
| DECEMBER  | 28,078.81 | 26,380.68 | 27,230.11 |

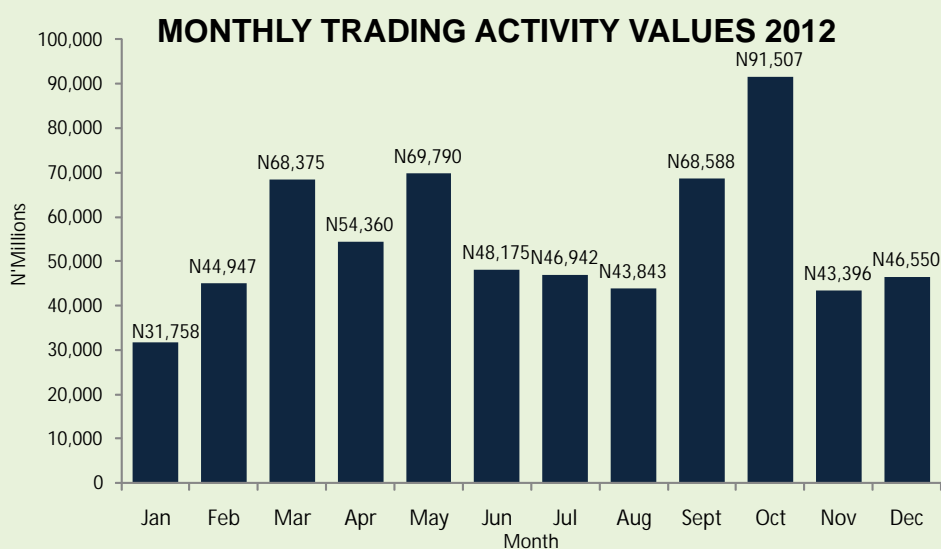
## NSE ALL-SHARE INDEX (High, Low, Average 2012)



# MONTHLY TRADING ACTIVITY VALUES 2012

## MONTHLY TRADING ACTIVITY VALUES 2012

| MONTHS    | GOVERNMENT   | CORP./PREF.    | ETFs           | EQUITIES          | TOTAL              |
|-----------|--------------|----------------|----------------|-------------------|--------------------|
|           | STOCKS       | SUB-NAT. BONDS | STOCKS         |                   |                    |
|           | ₦            | ₦              | ₦              | ₦                 | ₦                  |
| JANUARY   | -            | -              | 57,894,221.09  | 31,699,621,032.32 | 31,757,515,253.41  |
| FEBRUARY  | -            | -              | 23,619,509.10  | 44,923,744,488.48 | 44,947,363,997.58  |
| MARCH     | -            | -              | 35,669,279.00  | 68,339,012,379.04 | 68,374,681,658.04  |
| APRIL     | -            | -              | 800,885.00     | 54,359,216,130.12 | 54,360,017,015.12  |
| MAY       | 242,075.00   | -              | 10,731,908.50  | 69,778,565,324.17 | 69,789,539,307.67  |
| JUNE      | -            | -              | 83,604,214.00  | 48,091,477,120.40 | 48,175,081,334.40  |
| JULY      | 1,286,882.50 | -              | 44,440,648.00  | 46,896,519,474.98 | 46,942,247,005.48  |
| AUGUST    | -            | 946,410.00     | 37,983,395.00  | 43,803,764,349.38 | 43,842,694,154.38  |
| SEPTEMBER | -            | -              | 101,528,860.00 | 68,486,349,437.80 | 68,587,878,297.80  |
| OCTOBER   | -            | -              | 47,624,900.00  | 91,459,420,977.18 | 91,507,045,877.18  |
| NOVEMBER  | 572,031.00   | 100,000.00     | 4,646,897.00   | 43,391,168,452.33 | 43,396,487,380.33  |
| DECEMBER  | 5,091,900.00 | -              | 6,065,976.00   | 46,538,580,015.11 | 46,549,737,891.11  |
|           |              |                |                |                   | 658,230,289,172.50 |

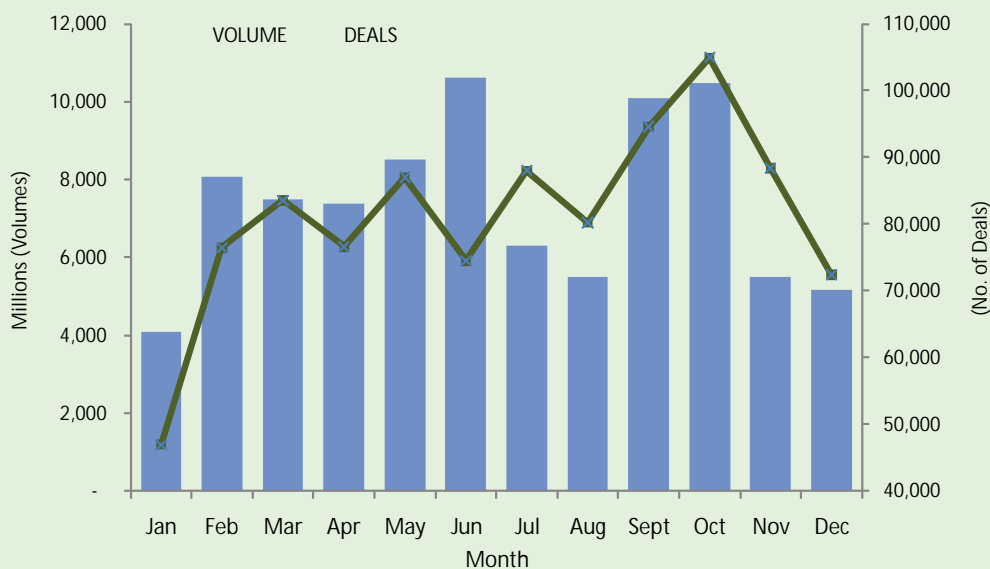


# SUMMARY OF TRADING ACTIVITIES JANUARY TO DECEMBER, 2012

SUMMARY OF TRADING ACTIVITIES JANUARY TO DECEMBER, 2012

| MONTH | DEALS   | VOLUME         | VALUE (N)          |
|-------|---------|----------------|--------------------|
| Jan.  | 46,942  | 4,088,349,371  | 31,757,515,253.41  |
| Feb.  | 76,448  | 8,059,344,981  | 44,947,363,997.58  |
| Mar   | 83,537  | 7,487,285,990  | 68,374,681,658.04  |
| Apr   | 76,603  | 7,366,664,895  | 54,360,017,015.12  |
| May   | 87,018  | 8,519,177,545  | 69,789,539,307.67  |
| Jun   | 74,513  | 10,605,785,309 | 48,175,081,334.40  |
| Jul   | 88,021  | 6,297,078,512  | 46,942,247,005.48  |
| Aug   | 80,198  | 5,502,828,018  | 43,842,694,154.38  |
| Sept. | 94,615  | 10,091,022,035 | 68,587,878,297.80  |
| Oct.  | 104,956 | 10,479,765,509 | 91,507,045,877.18  |
| Nov.  | 88,348  | 5,504,560,188  | 43,396,487,380.33  |
| Dec.  | 72,419  | 5,152,694,864  | 46,549,737,891.11  |
|       | 973,618 | 89,154,557,217 | 658,230,289,172.50 |

SUMMARY OF TRADING ACTIVITIES JANUARY TO DECEMBER, 2012



## GROWTH IN THE NUMBER OF LISTED SECURITIES 1991 - 2012

| Year                           | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Fed/State Government Stocks    | 40   | 36   | 32   | 29   | 28   | 24   | 22   | 19   | 15   | 12   | 11   | 10   | 9    | 17   | 23   | 39   | 51   | 40   | 45   | 32   | 36   |
| Corporate Bonds                | 57   | 62   | 66   | 70   | 67   | 69   | 60   | 59   | 58   | 53   | 56   | 53   | 56   | 52   | 50   | 47   | 47   | 46   | 5    | 15   | 12   |
| ETFs                           | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 1    |
| Equities including AsEM (1987) | 142  | 153  | 174  | 177  | 181  | 183  | 182  | 186  | 196  | 196  | 194  | 195  | 200  | 207  | 214  | 202  | 212  | 213  | 216  | 217  | 201  |
| Total                          | 239  | 251  | 272  | 276  | 276  | 276  | 264  | 264  | 269  | 261  | 261  | 258  | 265  | 276  | 287  | 288  | 310  | 299  | 266  | 264  | 250  |

# NAMES OF ACTIVE DEALING FIRMS

AS AT 31 DECEMBER 2012

|    |   |    |   |
|----|---|----|---|
| 1  | Adonai Stockbrokers Limited                 | 46 | CSL Stockbrokers Limited                    |
| 2  | Afrinvest West Africa Limited               | 47 | Davandy Finance & Securities Limited        |
| 3  | Aims Asset Management Limited               | 48 | DBSL Securities Limited                     |
| 4  | Alangrange Securities Limited               | 49 | Deep Trust & Investment Limited             |
| 5  | Allbond Investment Limited                  | 50 | Delords Securities Limited                  |
| 6  | Altrade Securities Limited                  | 51 | Diamond Securities Limited                  |
| 7  | Amy Investment Limited                      | 52 | Dominion Trust Limited                      |
| 8  | Anchorage Securities & Finance Limited      | 53 | DSU Brokerage Services Limited              |
| 9  | Anchoria Investment & Securities Limited    | 54 | Dunbell Securities Limited                  |
| 10 | Apel asset & Trust Ltd                      | 55 | Dynamic Portfolio Limited                   |
| 11 | Apt Securities Limited                      | 56 | ECL Asset Management Limited                |
| 12 | Arian Capital Management Limited            | 57 | EDC Securities Limited                      |
| 13 | ARM Securities Limited                      | 58 | Emerging Capital Ltd                        |
| 14 | Associated Asset Managers Ltd               | 59 | Emi Capital Resources Limited               |
| 15 | Atlass Portfolio Ltd                        | 60 | Enterprise Stockbrokers Limited             |
| 16 | Bestworth Assets & Trust Limited            | 61 | Equity Capital Solutions Limited            |
| 17 | BGL Securities Limited                      | 62 | ESS Investment & Trust Limited              |
| 18 | Bytofel Trust & Securities Limited          | 63 | Eurocomm Securities Limited                 |
| 19 | Cadington Securities Limited                | 64 | Excel Securities Limited                    |
| 20 | Calyx Securities Limited                    | 65 | Express Portfolio Services Limited          |
| 21 | Camry Securities Limited                    | 66 | Falcon Securities Limited                   |
| 22 | Capital Asset Limited                       | 67 | FBC Trust & Securities Limited              |
| 23 | Capital Bancorp Limited                     | 68 | FBN Securities Limited                      |
| 24 | Capital Express Securities Limited          | 69 | FCSL Asset Management Company Limited       |
| 25 | Capital Trust Brokers Limited               | 70 | Fidelity Finance Company Limited            |
| 26 | Cardinal Stone Securities Ltd               | 71 | Fidelity Securities Limited                 |
| 27 | Cashcraft Asset Management Limited          | 72 | Financial Trust Company Limited             |
| 28 | Cashville Investment & Securities Limited   | 73 | Finbank Securities & Assets Management Ltd. |
| 29 | Centre Point Investment Limited             | 74 | Finmal Finance Services Limited             |
| 30 | Century Securities Limited                  | 75 | First Alstate Securities Limited            |
| 31 | Chapel Hill Denham Securities Ltd           | 76 | First Integrated Capital Management Limited |
| 32 | Chartwell Securities Limited                | 77 | First Stockbrokers Limited                  |
| 33 | Citi Investment Capital Limited             | 78 | Fittco Securities Limited                   |
| 34 | City Code Trust & Investment Company Ltd.   | 79 | Foresight Securities Limited                |
| 35 | Clearview Investment & Securities Limited   | 80 | Forte Financial Limited                     |
| 36 | Compass Investment & Securities Limited     | 81 | Forthright Securities & Investments Limited |
| 37 | Kedari Securities Limited                   | 82 | Fortress Capital Limited                    |
| 38 | Cordros Capital Limited                     | 83 | Fountain Securities Limited                 |
| 39 | Core Trust & Investment Limited             | 84 | FSDH Securities Limited                     |
| 40 | Covenant Securities & Asset Management Ltd. | 85 | Funds Matrix & Assets Mgt Ltd               |
| 41 | Cowry Securities Limited                    | 86 | Futureview Securities Limited               |
| 42 | Cradle Trust Finance & Securities Limited   | 87 | Gem Assets Management Ltd                   |
| 43 | Crane Securities Limited                    | 88 | Gidauniya Investment & Securities Limited   |
| 44 | Crossworld Securities Limited               | 89 | Global Asset Management (Nig) Limited       |
| 45 | Crown Capital Limited                       | 90 | Global View Consult & Investment Limited    |

# NAMES OF ACTIVE DEALING FIRMS

AS AT 31 DECEMBER 2012

|     |   |     |   |
|-----|---|-----|---|
| 91  | GMT Securities & Asset Management Ltd,    | 136 | Mayfield Investment Limited                   |
| 92  | Golden Securities Limited                 | 137 | MBC Securities Limited                        |
| 93  | Gombe Securities Limited                  | 138 | MBL Financial Services Limited                |
| 94  | Gosord Securities Limited                 | 139 | Mega Equities Limited                         |
| 95  | Greenwich Securities Limited              | 140 | Mercov Securities Limited                     |
| 96  | GTB Securities Ltd                        | 141 | Meristem Securities Limited                   |
| 97  | GTI Securities Limited                    | 142 | Midas Stockbrokers Limited                    |
| 98  | Harmony Securities Limited                | 143 | Midpoint Capital Limited                      |
| 99  | Heartbeat Investment Limited              | 144 | Mission Securities Limited                    |
| 100 | Hedge Securities & Invest. Ltd            | 145 | Morgan Capital Limited                        |
| 101 | Heritage Capital Markets Limited          | 146 | Mountain Investment & Securities Limited      |
| 102 | Horizon Stockbrokers Limited              | 147 | Mutual Alliance Investment & Securities Ltd   |
| 103 | I.T.I.S Securities Limited                | 148 | Networth Securities & Finance Limited         |
| 104 | ICMG securities Limited                   | 149 | Newdevco Finance Services Company Limited     |
| 105 | Icon Stockbrokers Limited                 | 150 | Nigerian International Securities Ltd         |
| 106 | Imperial Assets Managers Limited          | 151 | Nigerian Stockbrokers Limited                 |
| 107 | IMTL Securities Limited                   | 152 | Northbridge Investment & Trust Limited        |
| 108 | Independent Securities Limited            | 153 | Nova Finance & Securities Limited             |
| 109 | Integrated Trust & Investment Limited     | 154 | Options Securities Limited                    |
| 110 | Intercontinental Securities Limited       | 155 | PAC Securities Limited                        |
| 111 | International Standard Securities Limited | 156 | Partnership Investment Company Plc            |
| 112 | Interstate Securities Limited             | 157 | Peace Capital Markets Ltd                     |
| 113 | Investment Centre Limited                 | 158 | Peninsula Asset Management & Invest. Co. Ltd. |
| 114 | Investment Shark & Asset Mgt Ltd          | 159 | Phronesis Securities Limited                  |
| 115 | Investors & Trust Company Limited         | 160 | Pilot Securities Limited                      |
| 116 | Kakawa Asset Management Limited           | 161 | Pinefields Investment Services Limited        |
| 117 | Kapital Care Trust & Securities Limited   | 162 | PIPC Securities Limited                       |
| 118 | Kinley Securities Limited                 | 163 | PML Securities Limited                        |
| 119 | Kofana Securities & Investment Limited    | 164 | Portfolio Advisers Limited                    |
| 120 | Kundila Finance Services Limited          | 165 | Primera Africa Securities Limited             |
| 121 | Lakesworth Securities Limited             | 166 | Primewalth Capital Limited                    |
| 122 | Lambeth Trust & Investment Company Ltd    | 167 | Profund Securities Limited                    |
| 123 | LB Securities Limited                     | 168 | Prominent Securities Ltd                      |
| 124 | Lead Securities & Investment Limited      | 169 | Prudential Securities Limited                 |
| 125 | Lighthouse Asset Management Limited       | 170 | PSI Securities Limited                        |
| 126 | LMB Stockbrokers Limited                  | 171 | Pyramid Securities Limited                    |
| 127 | Long Term Global Capital Limited          | 172 | Quantum Securities Limited                    |
| 128 | Mact Securities Limited                   | 173 | Rainbow Securities Limited                    |
| 129 | Magnartis Finance & Investment Limited    | 174 | Readings Investment Ltd                       |
| 130 | Mainland Trust Limited                    | 175 | Redasel Investments Limited                   |
| 131 | Maninvest Asset Management PLC            | 176 | Regency Asset Management Limited              |
| 132 | Marimpex Finance & Investment Company Ltd | 177 | Rencap Securities                             |
| 133 | Marina Securities Stockbroking Limited    | 178 | Resano Securities Limited                     |
| 134 | Marriot Securities Limited                | 179 | Resort Securities Limited                     |
| 135 | Maxifund Investment & Securities Plc      | 180 | Reward Investment & Service Limited           |



# NAMES OF ACTIVE DEALING FIRMS

AS AT 31 DECEMBER 2012

|     |   |     |   |
|-----|---|-----|---|
| 181 | Rostrum Investment & Sec Ltd                | 212 | Tower Securities & Investment Company Ltd |
| 182 | Rowet Capital Mgt Ltd                       | 213 | Trade Link Securities Limited             |
| 183 | Royal Crest Finance Limited                 | 214 | Traders Trust & Investment Co. Limited    |
| 184 | Royal Trust Securities Limited              | 215 | Transafrica Financial Services Limited    |
| 185 | Santrust Securities Limited                 | 216 | Transworld Investment Limited             |
| 186 | Security Swaps Limited                      | 217 | Trust Yield Securities Limited            |
| 187 | Shalom Investment & Financial Services Ltd  | 218 | Trusthouse Investment Limited             |
| 188 | Shelong Investments Limited                 | 219 | TRW Stockbrokers Limited                  |
| 189 | Sigma Securities Limited                    | 220 | UBA Stockbrokers Limited                  |
| 190 | Signet Investment & Securities Limited      | 221 | UIDC Securities Limited                   |
| 191 | Skye Stockbrokers Limited                   | 222 | Unex Capital Limited                      |
| 192 | Skyview Capital Ltd                         | 223 | Union Capital Markets Limited             |
| 193 | Smadac Securities Limited                   | 224 | Valmon Securities Limited                 |
| 194 | Solid Rock Securities Limited               | 225 | Valueline Securities & Investment Limited |
| 195 | Spring Trust & Securities Limited           | 226 | Vetiva Securities Limited                 |
| 196 | Springboard Trust & Investment Limited      | 227 | Waila Securities and Funds Limited        |
| 197 | Stanbic IBTC Stockbrokers Limited           | 228 | Woodland Capital Markets Plc              |
| 198 | Standard Alliance Capital Asset Mgt Limited | 229 | WSTC Financial Services Limited           |
| 199 | Standard Union Securities Limited           | 230 | Yuderb Investment & Securities Ltd        |
| 200 | Stanwal Securities Limited                  | 231 | Zenith Securities Limited                 |
| 201 | Strategy & Arbitrage Limited                | 232 | Belfry Investment & Securities Limited    |
| 202 | Summa Guaranty & Trust Company Limited      | 233 | FIS Securities Limited                    |
| 203 | Summit Finance Limited                      | 234 | WizeTrade Capital & Asset Mgt Ltd         |
| 204 | Support Services Limited                    | 235 | Molten Trust Limited                      |
| 205 | TFS Securities & Investment Company Limited | 236 | Arthur Stevens Asset Management Limited   |
| 206 | The Bridge Securities Limited               | 237 | Crescent Capital Limited                  |
| 207 | Maven Asset Management Limited              | 238 | Bauchi Investment Corp. Sec Limited       |
| 208 | Tiddo Securities Limited                    | 239 | Yobe Investment & Securities Limited      |
| 209 | Tomil Trust Limited                         | 240 | Pivot Trust & Investment Co. Limited      |
| 210 | Topmost Finance & Investment Limited        | 241 | Perfecta Investment & Trust Limited       |
| 211 | Tower Asset Management Limited              | 242 | Bestlink Investment Limited               |

# COUNCIL MEMBERS



Alhaji Aliko Dangote, GCON  
President ▶



Mr. Aigboje Aig-Imoukhuede, CON  
Ordinary Member



Mr. Abimbola Ogunbanjo  
Ordinary Member



Mr. Abubakar Mahmoud, SAN, OON  
Ordinary Member



Mr. Henry Olayemi  
Dealing Member



Mr. Tofarati Augusto  
Dealing Member



Alhaji Garba Kasimu Kurfi  
Dealing Member

# COUNCIL MEMBERS



◀ **Mr. Oscar Onyema**  
Chief Executive Officer



**Mrs. Yemisi Ayeni**  
Ordinary Member



**Prof. Herbert Onye Orji, OON**  
Ordinary Member



**Mr. Victor Ogiemwonyi**  
Dealing Member



**Mr. Ebilate Mac-Yoroki**  
Dealing Member



**Mr. Chike Nwanze**  
Dealing Member



**Mr. Oladele Sotubo**  
Dealing Member

# MANAGEMENT TEAM

Oscar Onyema  
Chief Executive Officer



Adeolu Bajomo  
Executive Director & Head, Market  
Operations & Technology



Taba Peterside  
Listings Sales & Retention



Ikponmwosa Obaseki  
Market Operations



Olumide Lala  
Transformation and Change



Yvonne Emordi  
Strategy



Pai Gamde  
Human Resources



Gabriel Igbeka  
Administration



Abimbola Babalola  
Market Surveillance



# MANAGEMENT TEAM



**Haruna Jalo-Waziri**  
Executive Director & Head, Business  
Development Division



**Tinuade Awe**  
Head, Legal & Regulation Division



**Bola Adeeko**  
Chief of Staff & Head, Corporate Division



**Josephine Igbinosun**  
Listings Regulation



**Cyril Eigbobo**  
Finance



**Dipo Omotosho**  
Product Management



**Ade Ewuosho**  
Market Data



**Rasaq Ozemede**  
Internal Audit



**Olufemi Shobanjo**  
Broker Dealer Regulation



**Favour Femi-Oyewole**  
Information Security



**Dante Martins**  
Corporate Communications

# OFFICERS OF THE NIGERIAN STOCK EXCHANGE FROM PRINCIPAL MANAGER AND ABOVE

## CEO and Divisional Heads

|    |                    |   |
|----|--------------------|---|
| 1. | Oscar Onyema       | Chief Executive Officer                                   |
| 2. | Adeolu Bajomo      | Executive Director & Head, Market Operations & Technology |
| 3. | Haruna Jalo-Waziri | Executive Director & Head, Business Development Division  |
| 4. | Tinuade Awe        | Head, Legal & Regulation Division                         |
| 5. | Bola Adeeko        | Chief of Staff & Head, Corporate Division                 |

## Officers from Principal Manager and Above

|     |                     |                    |   |
|-----|---------------------|--------------------|---|
| 1.  | Taba Peterside      | General Manager    | Listings Sales & Retention              |
| 2.  | Ikponmwosa Obaseki  | Dep. Gen. Manager  | Market Operations                       |
| 3.  | Olumide Lala        | Dep. Gen. Manager  | Transformation and Change               |
| 4.  | Josephine Igbinosun | Asst. Gen. Manager | Listings Regulation                     |
| 5.  | Cyril Eigbobo       | Asst. Gen. Manager | Finance                                 |
| 6.  | Dipo Omotosho       | Asst. Gen. Manager | Product Management                      |
| 7.  | Ade Ewuosho         | Asst. Gen. Manager | Market Data                             |
| 8.  | Gabriel Igbeka      | Principal Manager  | Administration                          |
| 9.  | Priscilla Njoku     | Principal Manager  | Procurement                             |
| 10. | Elochukwu Uba       | Principal Manager  | Listing Analysis, Listings Regulation   |
| 11. | Hauwa Zoaka         | Principal Manager  | Listing Compliance, Listings Regulation |
| 12. | Yvonne Emordi       | Principal Manager  | Strategy                                |
| 13. | Ebele Nwankwo       | Principal Manager  | Learning & Development, HR              |
| 14. | Cynthia Akpomudiare | Principal Manager  | Main Board, Listings Sales & Retention  |
| 15. | Abdulazeez Babalola | Principal Manager  | Market Surveillance                     |
| 16. | Adeyemi Osoba       | Principal Manager  | Branch Network                          |
| 17. | Rasaq Ozemedede     | Principal Manager  | Internal Audit (Acting)                 |
| 18. | Ignatius Ezeja      | Principal Manager  | Market Operations                       |
| 19. | Pai Gamde           | Principal Manager  | Human Resources                         |
| 20. | Jiro Ejobe          | Principal Manager  | Technology                              |
| 21. | Olufemi Shobanjo    | Principal Manager  | Broker Dealer Regulations               |
| 22. | Favour Femi-Oyewole | Principal Manager  | Information Security                    |
| 23. | Felix Nnachi        | Principal Manager  | Security                                |

## Branch Heads

|     |                    |               |
|-----|--------------------|---------------|
| 1.  | Ebere Ihedioha     | Abuja         |
| 2.  | Okechukwu Odunze   | Owerri        |
| 3.  | Mohammed Mohammed  | Kaduna        |
| 4.  | Ahmed Maigari      | Bauchi        |
| 5.  | Oliver Achugbue    | Onitsha       |
| 6.  | Ugochi Inko-Tariah | Port Harcourt |
| 7.  | Kayode Ogun        | Ibadan        |
| 8.  | Ubong Akpainyang   | Uyo           |
| 9.  | Comfort Ogunsanya  | Abeokuta      |
| 10. | Usman Kadiri       | Kano          |
| 11. | Sunday Idornigie   | Benin         |
| 12. | Adedunmola Banu    | Ilorin        |
| 13. | Esson Zinas        | Yola          |

# FLASH OF OUR FUNCTIONS



The picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema presenting a plaque to the Managing Director/CEO, Nigerian Aviation Handling Company (NAHCO) Plc, Mr. Olukayode Oluwasegun - Ojo on a Bell Ringing Ceremony at The Exchange. (01/06/12)



The picture shows the Executive Director, Nigerian Aviation Handling Company (NAHCO) Plc, Mr. Gordon Gofwan; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; and Managing Director/CEO, NAHCO Plc, Mr. Olukayode Oluwasegun -Ojo at the company Bell Ringing Ceremony at The Exchange.(01/06/12)



The picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Managing Director/CEO, Nigerian Aviation Handling Company (NAHCO) Plc, Mr. Olukayode Oluwasegun - Ojo; Deputy General Manager, Transformation and Change, NSE, Mr. Olumide Lala and Head, Corporate Communications, NAHCO, Mr. Sanya Onyoadede at the Bell Ringing Ceremony at The Exchange in Lagos.(01/06/12)



L – RThe picture shows the Chairman Investor Protection Fund Board of Trustee, Mr. Gamaliel Onosode; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema and Chief Executive Officer, ICON Stockbrokers Limited, Mr. Chike Nwanze at the Investors Protection Fund Board of Trustee Inaugural Meeting at the Stock Exchange House, 2/4 Customs Street, Lagos. (27/09/13)



L – R the picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; President, NSE, Alhaji Aliko Dangote and Council Member, NSE, Mr. Victor Ogiemwonyi at the Nigerian Stock Exchange Annual General Meeting (AGM) in Lagos. (04/10/12)



L – R the picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; President, NSE, Alhaji Aliko Dangote and Council Member, NSE, Mr. Victor Ogiemwonyi at the Nigerian Stock Exchange Annual General Meeting (AGM) in Lagos.(04/10/12)

# FLASH OF OUR FUNCTIONS



L - R the picture shows the Company Secretary, The Nigerian Stock Exchange (NSE), Ms Tinuade Awe; Chief Executive Officer, NSE, Mr. Oscar Onyema; and President, NSE, Alhaji Aliko Dangote at the Nigerian Stock Exchange Annual General Meeting (AGM) in Lagos. (28/09/12)



L-R The picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema presenting a plaque to the Group Managing Director/CEO, United Bank for Africa (UBA), Mr. Phillips Oduoza, during the bank presentation of Facts Behind the Figures at The NSE in Lagos. (10/05/12)



L - R The picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Group Managing Director/CEO, United Bank for Africa (UBA), Mr. Phillips Oduoza; Chief Financial Officer, UBA, Mr. Ugo Nwagbodoh and Chief of Staff & Head, Corporate Division, NSE, Mr. Bola Adeeko at the presentation of UBA Facts Behind the Figures at The NSE in Lagos. (10/05/12)



L - R The picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Group Managing Director/CEO, United Bank for Africa (UBA), Mr. Phillips Oduoza and Chief Financial Officer, UBA, Mr. Ugo Nwagbodoh at the UBA presentation of Facts Behind the Figures at The NSE in Lagos. (10/05/12)



L - R The picture shows the Chief of Staff & Head, Corporate Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Deputy Managing Director, United Bank for Africa (UBA) Plc, Mr. Kennedy Uzoka; Chief Executive Officer, NSE, Mr. Oscar Onyema and Group Managing Director/CEO, United Bank for Africa (UBA) Plc, Mr. Phillips Oduoza at the presentation of UBA Facts Behind the Figures at The NSE in Lagos (10/05/12)



The Picture shows the Investor Protection Fund Board of Trustee Members (21/09/12)



# FLASH OF OUR FUNCTIONS



L – R, the picture shows the Chief Executive Officer, Access Bank Plc, Mr. Aigboje Aig-Imoukhuede; The Nigerian Stock Exchange (NSE) 11<sup>th</sup> National Essay Competition winner for Secondary Schools, Miss Onuh Chiamaka; and Chief Executive Officer, NSE, Mr. Oscar Onyema at The NSE 11<sup>th</sup> National Essay Competition Award Ceremony. (14/12/12)



L – R, The Picture shows the Chief Executive Officer, Access Bank Plc, Mr. Aigboje Aig-Imoukhuede; The Nigerian Stock Exchange (NSE) 11<sup>th</sup> National Essay Competition winner for Tertiary Institutions, Mr. Ajireloja Moses Taiwo; and Chief Executive Officer, NSE, Mr. Oscar Onyema at The NSE 11<sup>th</sup> National Essay Competition Award Ceremony. (14/12/12)



L-R The picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; CEO, Vono Products Plc, Mrs. Titilola Bakare; Chief of Staff & Head, Corporate Division, NSE, Mr Bola Adeeko; and Executive Director, Vono, Mr. Joel Ajiga at Facts Behind the Figures of Vono Products Plc at The NSE. (12/03/13)



L-R The picture shows Chief of Staff & Head, Corporate Division, NSE, Mr. Bola Adeeko; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; CEO, Vono Products Plc, Mrs. Titilola Bakare; and Executive Director, Market Operations and Technology, Mr. Adeolu Bajomo at Facts Behind the Figures of Vono Products Plc at The NSE. (12/03/13)



L – R, The picture shows Chief of Staff & Head, Corporate Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Chief Executive Officer, UBA Capital Plc, Mr. Rasheed Olaoluwa; Chief Executive Officer, NSE, Mr. Oscar Onyema and Chief Executive Officer, Africa Prudential Registrars PLC, Mr. Peter Ashade at the Listing of UBA Capital Plc & Africa Prudential Registrars Plc on The Nigerian Stock Exchange in Lagos. (11/01/13)



L – R, The picture shows Chief of Staff & Head, Corporate Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Chief Executive Officer, UBA Capital Plc, Mr. Rasheed Olaoluwa; Chief Executive Officer, NSE, Mr. Oscar Onyema; Chief Executive Officer, Africa Prudential Registrars PLC, Mr. Peter Ashade and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at the Listing of UBA Capital Plc & Africa Prudential Registrars Plc on The Nigerian Stock Exchange in Lagos. (11/01/13)



# FLASH OF OUR FUNCTIONS



L – R the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE) Mr. Oscar Onyema; Chief Executive Officer, FirstRand Bank, Mr. Sizwe Nxasana; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri and Chief Executive Officer, Rand Merchant Bank Nigeria Limited, Mr. Michael Larbie at Bell Ringing Ceremony on The Nigerian Stock Exchange in commemoration of the Bank in Nigeria. (07/02/13)



L – R the picture shows Mr. Michael Larbie; Chief Executive Officer, The Nigerian Stock Exchange (NSE) Mr. Oscar Onyema; Chief Executive Officer, First Rand Bank, Mr. Sizwe Nxasana; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri; at Bell Ringing Ceremony on The Nigerian Stock Exchange in commemoration of the Bank in Nigeria. (07/02/13)



L – R the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; President of Council, NSE, Alhaji Aliko Dangote; Chairman, Board of the Securities and Exchange Commission (SEC), Dr. Suleyman Abdu Ndanusa; Council Member, NSE, Alhaji Garba Kasimu Kurfi, and Director General/Chief Executive Officer, SEC, Ms. Arunma Oteh at the Trade Opening of the NSE. (05/03/13)



L – R the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Director General/Chief Executive Officer, Securities and Exchange Commission (SEC), Ms. Arunma Oteh; Chairman, Board of SEC, Dr. Suleyman Abdu Ndanusa; and President of Council, NSE, Alhaji Aliko Dangote at SEC Board meeting with Council of The NSE. (05/03/13)



L – R the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Executive Director, Market Operations Technology, NSE, Mr. Ade Bajomo; Chairperson, Nigeria Maritime Expo (NIMAREX), Mrs. Margaret Onyema-Orakwusi; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri; and Chief of Staff & Head, Corporate Division, NSE, Mr. Bola Adeeko at the NIMAREX Bell Ringing Ceremony in commemoration of the 2013 Expo at The NSE. (08/03/13)



L – R the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Chairman, Indigenous Shipowners Association of Nigeria (ISAN), Chief Isaac Jolapamo; Chairperson, Nigeria Maritime Expo (NIMAREX), Mrs. Margaret Onyema - Orakwusi and Executive Director, Market Operations Technology, NSE, Mr. Ade Bajomo at the NIMAREX Bell Ringing Ceremony in commemoration of the 2013 Expo at The NSE. (08/03/13)



# FLASH OF OUR FUNCTIONS



L – R the picture shows Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Managing Director, Nestle Nigeria Plc, Mr. Martin Woolnough and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at Nestle Bell Ringing Ceremony in commemoration of its N5.4 billion distribution Centre in Agbara, Ogun State at The Exchange. (11/03/13)



L – R the picture shows Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Managing Director, Nestle Nigeria Plc, Mr. Martin Woolnough and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at Nestle Bell Ringing Ceremony in commemoration of its N5.4 billion distribution Centre in Agbara, Ogun State at The Exchange. (11/03/13)



L – R The picture shows President, Chartered Institute of Stockbrokers (CIS), Mr. Ariyo Olusekun; Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; and Chief of Staff & Head, Corporate Division, NSE, Mr. Bola Adeeko at the announcement of Supplemental Market Makers at the Exchange. (02/04/13)



L – R the picture shows the Group Chief Finance Officer, Oando Plc, Mr. Olufemi Adeyemo; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Group Chief Executive, Oando Plc, Mr. Wale Tinubu and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at Oando Plc Facts Behind the Figures presentation at The Nigerian Stock Exchange in Lagos. (18/02/13)



L – R the picture shows the Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; Managing Director/Chief Executive Officer, ABC Transport Plc, Mr. Frank Nneji and Executive Director, Market Operations Technology, NSE, Mr. Adeolu Bajomo; at Bell Ringing Ceremony in commemoration of ABC Transport 20<sup>th</sup> anniversary at The Exchange (05/03/13)



L – R the picture shows the Deputy Managing Director, ABC Transport Plc, Mr. Jude Nneji; Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE), Mr. Adeolu Bajomo; Managing Director/Chief Executive Officer, ABC Transport Plc, Mr. Frank Nneji and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at the Bell Ringing Ceremony in commemoration of ABC Transport 20<sup>th</sup> anniversary at The Exchange. (05/03/13)

# FLASH OF OUR FUNCTIONS



L – R the picture shows Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE), Mr. Adeolu Bajomo; Convener, Committee Encouraging Corporate Philanthropy, (CECP) Nigeria, Mrs. Margaret Adetutu Adeleke; Chief Executive Officer, NSE, Mr. Oscar Onyema and Coordinator CECP, Nigeria, Dr. Kin J. Egwuonwu ringing the opening bell in commemoration of the International Corporate Philanthropy Day in Lagos. (25/02/13)



L – R (IMG 0092) the picture shows Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; Chief Executive Officer, NSE, Mr. Oscar Onyema; Managing Director, Middle East, Africa & Russia, Thomson Reuters, Mr. Basil Mofteh and Executive Director, Market Operations Technology, NSE, Mr. Adeolu Bajomo, at the Bell Ringing ceremony in commemoration of Thomson Reuters partnership with The Nigerian Stock Exchange on Xvalue Investor Relations Services for Listed Companies in Lagos. (12/02/13)



L – R (IMG 0092) the picture shows Chief of Staff & Head, Corporate Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri; Chief Executive Officer, NSE, Mr. Oscar Onyema and Managing Director, Middle East, Africa & Russia, Thomson Reuters, Mr. Basil Mofteh at the Bell Ringing ceremony in commemoration of Thomson Reuters partnership with The Nigerian Stock Exchange on Xvalue Investor Relations Services for Listed Companies in Lagos. (12/02/13)



L – R the picture shows the Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri and Head, Product Management, NSE, Mr. Oladipo Omotoso at commencement of Retail Bond Trading and Fixed Income Market Making Practicum at the NSE. (01/02/13)



L – R the picture shows the Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE), Mr. Adeolu Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; and Executive Director, Business Development, Mr. Haruna Jalo-Waziri at the Retail Bond Trading and Fixed Income Market Making Practicum at the MUSON Centre, Onikan Lagos (29/01/13)



R – L, the picture shows Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema presenting a plaque to the MD/CEO, Lotus Capital Limited, Mrs Hajara Adeola at the launch of NSE – Lotus Islamic Index (NSE LI) on Monday, July 30, 2012 in Lagos.



# FLASH OF OUR FUNCTIONS



L – R the picture shows the immediate past President, Association of Stockbroking Houses of Nigeria (ASHON), Alhaji Rasheed Yussuf; MD/CEO, Lotus Capital Limited, Mrs. Hajara Adeola and Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema, at the launch of NSE – Lotus Islamic Index (NSE LI) on Monday, July 30, 2012 in Lagos.



L – R The picture shows the Executive Director, Market Operations Technology, The Nigerian Stock Exchange (NSE) Mr. Adeolu Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri and Head, Legal & Regulation Division, NSE, Ms Tinuade Awe at the Value Added Services Launch at The Exchange .



L – R The picture shows Chief Executive Officer, Chapel Hill Limited, Mr. Bolaji Balogun; Executive Director, Market Operations Technology, The Nigerian Stock Exchange, NSE, Mr. Adeolu Bajomo; Vice President, International Finance Corporation, IFC, Mr. Jingdong Hua; and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri, at the Bell Ringing Ceremony in commemoration of IFC Bond Issuance at The NSE in Lagos. (23/01/13)



L – R The picture shows Executive Director, Market Operations Technology, The Nigerian Stock Exchange, Mr Adeolu Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri and Chief Executive Officer, ESS/Dunnloren Merrifield, Mr. Sonnie Ayere at the Unveiling of Fixed Income Market Makers (FIMMs) on The Nigerian Stock Exchange. (15/01/13)

# PRESIDENTS OF THE EXCHANGE



**ALHAJI ALIKO DANGOTE, GCON**  
President



**MALLAM BALLAMA MANU**  
Interim Head of Council  
Aug. 2010 - July 2012



**DR. OBA OTUDEKO OFR**  
2006-2009



**DR. RAYMOND C. OBIERI**  
2003-2006



**ALHAJI ABDUL RASAQ SAN. OFR**  
2000-2003



**MR. GOODIE IBRU, OON**  
1997-2000



**MR. PASCAL G. DOZIE, OON**  
1994-1997



**AARE M.K.O. ABIOLA**  
1991-1994



**CHIEF BAYO KUKU CON**  
1987-1991



**ALHAJI ALIKO M. MOHAMMED OFR**  
1984-1987



**CHIEF J.O. UDOJI OFR**  
1981-1984



**CHIEF S.O. ASABIA OFR**  
1975-1981



**CHIEF ADEOLA ODUTOLA CON**  
1972-1975



**CHIEF SILAS BAMIDELE DANIAN OFR**  
1970-1972



**SIR MOBOLAJI BANK-ANTHONY, CON, MBE**  
1966-1970



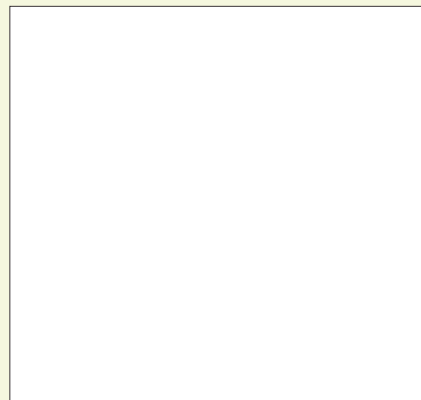
**SIR ODUMEGWU OJUKWU, OBE**  
1963-1966

**MR. E.C.W. HOWARD, OBE**  
1960-1961

**MR. R.I. POWELL**  
1961-1966

# PROXY FORM

The Nigerian Stock Exchange 52<sup>nd</sup> Annual General Meeting to be held on the 11th Floor, Stock Exchange House, 2/4 Customs Street, Lagos on Friday, 3 May 2013 at 11:00 a.m.



I/We

.....

of

.....

Being a member/members of The Nigerian Stock Exchange ("The Exchange") hereby, appoint

.....

as my/our proxy to act and vote on my/our behalf at the Annual General Meeting of the company to be held on Friday, 3 May 2013.

Dated this ..... Day of ..... 2013

.....

Member's Signature

.....

Member's Name

Note:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of himself.
2. No person shall be appointed a proxy who is not already a member of The Exchange or the accredited representative of a member and qualified to vote save that a corporation being a member of The Exchange may appoint as its proxy one of its Directors or other authorized representative who is not a member of The Exchange.
3. Instruments of proxy shall be deposited at the office of The Exchange at least 48 hours before the time of holding the meeting.

## ADMISSION CARD

Annual General Meeting to be held at the 11th Floor, Stock Exchange House, 2/4 Customs Street, Lagos, on Friday, 3 May 2013 at 11:00 a.m.

Name of Member (in BLOCK CAPITALS):

.....

ADDRESS:.....

NOTE: A MEMBER OR HIS/HER PROXY MUST PRODUCE THIS ADMISSION CARD IN ORDER TO BE ADMITTED AT THE MEETING