C & I Leasing Plc

Annual Report 2017

www.c-ileasing.com

C&I LEASING PLC

Your Preferred **Business Partner**

C&I Leasing Plc is still the preferred brand for support services in Nigeria. Our brand presence can be felt in major sectors of the Nigerian economy, providing specialized services in Marine, Telecommunication, Oil and Gas, Equipment Rentals, Manpower outsourcing and Transportation.

- Offshore Marine Services
- Fleet Management
- Hertz Car Rentals
- Personnel Outsourcing
- Telematics Solutions

Head Office:
Leasing House, 2 Leasing Drive, off Bisola Durosinmi Etti drive, off Admiralty way, Lekki Phase 1, Lagos.
Tel: 09038869179 - 88

Port Harcourt
C&I Leasing Plc
C&I Leasing Drive,
Off Elekahia-Oginigba Link Road,
Transamadi Industrial Layout,
Port Harcourt

Abuja
C&I Leasing Plc.
Suite SF7,2nd Floor
Metro Plaza
CBD, Abuja

Ghana
Leasafric Ghana.
No. 5 East Legon
Tetteh Quarshie
Interchange - Legon
Road
Accra, Ghana.
+233-302-780901-3

Contents

Mission & Vision

Mission

To provide customers with quality leasing and ancillary service solutions to meet their unique needs, supported by appropriate technology, in accordance with world-class systems and procedures.

Vision

To become through innovation, the leasing and ancillary service company of choice for any discerning lessee in West Africa.

NOTICE OF 27TH ANNUAL GENERAL MEETING OF C&I LEASING PLC

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of members of the Company will hold on **Thursday, 26th April, 2018 at 11.00 am** prompt at The Red Carpet Hall No. 9 Chief Yesuf Abiodun Way, City of David Road, Oniru, Victoria Island, Lagos, to transact the following business:

Ordinary Business

1. To receive the audited financial statements for the year ended 31st December 2017 together with the Reports of the Directors, Independent Auditors and Audit Committee thereon.
2. To elect and re-elect retiring directors.

3. To authorize the directors to fix the remuneration of the auditors.
4. To elect members of the Audit Committee for the ensuing year.

EXPLANATORY NOTES TO THE NOTICE

1. Election and re-election of directors

Pursuant to Section 259 of the Corporate and Allied Matters Act, at the annual general meeting in every subsequent year one third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one third shall retire from office. The Board of Directors being satisfied with the performance of Mr Ikechukwu Duru and Mr Omotunde Alao-Olaifa, proposes that both directors be re-appointed as directors.

The board also proposes that Mr. Alexander Okwuchukwu Mbakogu be elected as an executive director. If elected, his term of office will take effect from the 27th of July, 2017, being the date he was appointed by the board.

The profiles of the directors are contained in the annual report.

2. Proxy

A shareholder who is unable or does not wish to attend the AGM is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A Proxy need not be a shareholder. A Proxy Form which may be used to make such appointment shall accompany this notice of Meeting and can also be downloaded at the Company's website at www.c-ileasing.com. Executed proxy forms should be deposited with the Company Secretary at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

3. Closure of Register

In compliance with section 89 of the Companies and Allied Matters Act 2004 and post- listing rules of the Nigerian Stock Exchange, the register will be closed from Thursday, 19th April, 2018 to Thursday, 26th April, 2018, both days inclusive, to enable the registrar to update the records of members.

4. Audit Committee

Any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary of the Company at least 21 days before the date of the Annual General Meeting.

The Audit Committee comprises three shareholders and three Directors. Nominees of the Audit Committee should have basic financial literacy and should be able to read and appreciate financial statements. All nominations should be accompanied by a copy of the nominee's curriculum vitae.

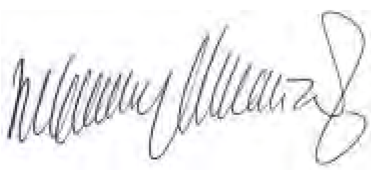
5. Shareholders' Questions

Shareholders are entitled to ask questions at the Annual General Meeting on any matter contained in the Annual Report and Financial Statements. Shareholders may also submit their questions in writing, addressed to the Company Secretary and forwarded to the Company's head office not later than seven days before the date of the meeting.

6. Further Information

A copy of this Notice and the annual report can be found and downloaded at the Company's website at www.c-ileasing.com.

Dated this 8th day of March, 2018
BY ORDER OF THE BOARD



G. MBANUGO UDENZE – FRC/2014/NBA/00000008124
For: MBANUGO UDENZE & CO.
COMPANY SECRETARY

C&I Leasing Plc at a Glance

C&I Leasing Plc is still the foremost brand in finance leases and business logistic support in Nigeria however we have evolved to be a leading provider of critical business support services for several multinationals and corporate organizations.

The C&I Leasing Group

C&I Leasing Plc

C & I Leasing Plc was incorporated in 1990 as a limited liability company, licensed by the Central Bank of Nigeria to offer operating and finance leases, and other ancillary services.

Leasafric Ghana

Leasafric is a subsidiary of C&I Leasing Plc based in Ghana. It is the largest leasing company in Ghana and provides professional lease options for individuals and corporate bodies.

Epic International FZE

Epic International FZE, Ras Al Khaimah, U.A.E, is currently engaged in the ownership and charter of vessels to companies, primarily its parent company, C & I Leasing Plc.

C&I Leasing Plc

Over the years, the company has enjoyed consistent growth and business expansion that has allowed for it to evolve from a single line business to a multi-line business with interests in key economic sectors in Nigeria

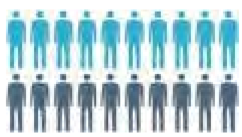
C&I Marine
The Marine division of C&I Leasing provides onshore and offshore terminals services including Berthing and Escort, Mooring support, Line and Hose Handling, Pollution Control, Floating and self-elevating platforms.

CITRACKS
CITRANS Telematics Solutions (CITRACKS) is a Nigeria Communications Commission (NCC) licensed provider of unique fleet management solution to suit various business needs.

C&I Outsourcing
C&I Outsourcing is a licensed provider of manpower recruitment, training, personnel outsourcing and human resource consultancy services.

C&I Fleet Management
We are the sole franchisee and operator of the popular Hertz-Rent-A-Car brand in Nigeria and Ghana. The company currently manages over a thousand vehicles and professional chauffeurs; offering, pick-up and drop-off, airport shuttle and daily rental services.

The SDS Training Services
The SDS Training Services (formerly named Suzuki Driving School) is a division of C&I Leasing Plc. This service was established in 2011 as a direct response to the need to increase capacity development for over 4200 outsourced employees as part of a continuing professional development programme.

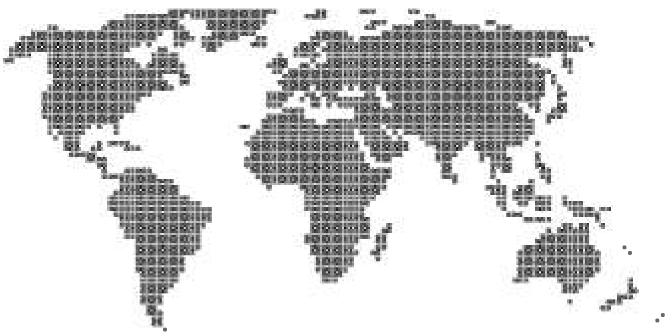


4, 437 Staff
1, 375 Drivers

Highlights of operating results in 2017

	GROUP		COMPANY	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Revenue	21,371,697	17, 015,799	16,314,946	14,511,291
PBT	1,262,072	1, 036, 224	506,913	38, 382
Income Tax	(162,783)	(115,367)	(70,949)	(48,592)
PAT	1,114,583	920,867	451,258	(10,210)

Geographical Locations



We have operational offices in the following locations:

Nigeria - Lagos, Abuja, Port Harcourt, Calabar, Enugu, and Benin

Ghana - Accra

UAE - Ras Al Khaimah

Who we are

History

1990 → C & I Leasing Plc was incorporated in 1990 as a limited liability company. It was licensed by the Central Bank of Nigeria to offer operating and finance leases and other ancillary services. The Company commenced full operations in 1991.

1997 → In 1997, C & I Leasing Plc concluded a major restructuring and diversification project that saw its conversion to a public company with its shares listed on the official list of the Nigerian Stock Exchange as the only leasing and rental services company.

Today → C & I Leasing Plc has enjoyed consistent growth over the years and has expanded its scope of business to cover major sectors of the Nigerian Economy, the West Coast of Africa and the UAE.

Our Values

Fairness
We believe in fairness; and this is evident in all we do – fairness in relationship with our clients, our suppliers and customers.

Integrity
We believe in the highest standards and will always uphold the best ethical practices in all our business transactions. We believe that there is no substitute for intergrity – we will keep to our commitments and will always keep our word.

Responsibility
As a responsible corporate citizen we believe in doing the right things always. We take due cognizance of the environment when doing business and contribute appropriately towards promoting the health, welfare and economic empowerment of our host communities.

Excellence
At C&I Leasing we are committed to excellence and this is evident in all we do. Our products and services are designed to be exceptional. We know that our continued success relies on exceeding the expectations of our customers so we work hard to ensure that we achieve that.

Safety
C&I Leasing is committed to a safe and healthy environment for all its employees, customers and visitors.

GROUP CHAIRMAN'S STATEMENT

Distinguished Shareholders, other invited guests, fellow board members, gentlemen of the media, ladies and gentlemen. I am delighted to welcome you all to the 27th Annual General Meeting of our company, C&I Leasing Plc.

Chairman

Chief Chukwuma H. Okolo

We shall present to you the Annual Report and Financial Statements for the financial year ended 31st December 2017 and also share with you the highlights of our performance and other achievements during the period, with the outlook for the next financial year. Furthermore, I will like to share a brief overview of macroeconomic highlights that impacted our business performance in the last financial year and have influenced our projections for 2018.

GLOBAL ECONOMY

Global economic activities continued to firm up in 2017 and global output was estimated to have grown by 3.7 percent, which is a 0.1 percent improvement on the projected increase. The surge in growth was broad, with notable upside surprises in Europe and Asia. Key emerging markets and developing economies including Brazil, China, and South Africa also posted third-quarter growth stronger than the fall forecasts.

However, in terms of per capita, growth in almost half of the emerging markets and developing economies (especially smaller economies) were slow and almost a quarter have seen declines. Countries that experienced the struggle include fuel exporters and low-income economies which were already suffering from either civil strife or natural disaster.

World trade has grown, particularly among advanced economies. This is shown by a recorded increase in manufacturing output in some Asian countries, a mild pick up in the United States – (based on a rebound in manufacturing activities) and a continuous growth in some Euro Areas due to enabling and supportive monetary with fiscal policies. This reflects a strong consumer confidence pointing to healthy final demand. However, in China, growth was moderated to 6.5 percent in 2017.This can be traced to heightened uncertainty about global trade which led to slower private investment.

In emerging and developing economies, growth was projected to accelerate to 4.2 percent in 2017 from 3.4 percent in 2016 and with the recovery in commodity prices; particularly oil, the divergence in growth outlook between commodity exporters and importers was set to narrow. Nevertheless, following an improving global growth outlook, weather events in the United States, the extension of the OPEC's agreement to limit oil production plus geopolitical tensions in the Middle East crude oil prices rose by about 20 percent from between August 2017 to mid-December 2017. Prices reached over $60 per barrel, with some further increase as at early January 2018.

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017 as the recovery in investment, manufacturing and trade sectors continues while commodity-exporting developing economies benefit from firming up negotiated commodity prices. Nevertheless, this is largely seen as a short-term improvement. The World Bank warns that growth in advanced economies will later moderate slightly to 2.2 percent as central banks gradually remove their post-crisis accommodation and an upturn in investments levels off.

Growth in emerging markets and developing economies as a whole is projected to strengthen to 4.5 percent in 2018, as activity in commodity markets continues to recover. Indeed, 2018 is on track to be the first year since the financial crisis that the global economy will be operating at or near full capacity. Now, with this expected improvement, policymakers will need to look beyond monetary and fiscal policy tools to stimulate short-term growth. They will need to consider initiatives which are more likely to boost long-term potential. For instance, the bond market expectations and reactions (particularly in advanced economies) have been muted due to shifts in policy changes- with yield curves tending to flatten out as short-term rates rise faster than longer-term rates. Such scenarios will require attention for improved attraction and retention of investors for the long term.

On exchange rates and capital flows, the U.S. Dollar and the Euro remain close in real effective terms. The Japanese Yen has depreciated by 5 per cent on widening interest differentials, while the British Pound has appreciated by about 4 per cent as the Bank of England raised interest rates in November alongside rising expectations of a Brexit deal.

Across emerging markets, currencies have appreciated by around 2 percent, the Malaysian Ringgit improved by about 7 per cent due to an improved growth outlook and stronger commodity prices, while the South African Rand appreciated by close to 6 per cent based on perceptions of reduced political uncertainty. In contrast, the Mexican Peso depreciated by 7 per cent owing to renewed uncertainty associated with the on-going NAFTA negotiations while the Turkish Lira depreciated by 4.5 per cent on higher inflation readings.

Global growth forecast for 2018 has been reviewed by a 0.2 percentage point increase to 3.9 per cent. This review reflects expectations based on current global growth momentum and the expected impact of the recently approved U.S. tax policy changes. This growth is already evident in some of the Euro area countries who had high unemployment indices but now reflecting strong employment growth while some of the larger emerging market economies, such as Brazil, and Russia have exited their recessions. Capital flows to emerging economies have remained resilient through the third quarter of 2017, with continued strength in non-resident portfolio inflows.

DOMESTIC ECONOMY

Despite some improvements recorded by Nigeria in the World Bank's rating for 'Ease of Doing Business', the operating environment in 2017 for businesses was still quite challenging due to insecurity in some parts of the country, infrastructural deficit (specifically in the areas of road transportation and power supply), high rate of unemployment, multiple and scarce foreign exchange, high interest rates, difficulties in accessing financing, recession and high inflation. All these continue to weigh on companies' performances despite consumer demand.

After recording a negative GDP growth in two successive quarters, Nigeria's economy was mired in recession by the second quarter of 2016. However, we exited our worst economic recession in more than two decades with growth of 0.55 per cent by the second quarter of 2017 due to improved performances in the oil, agriculture, manufacturing and trade sectors of the economy.

Today we can comfortably project that the Nigerian economy will be significantly better this year going by the consistent positive trend of key indicators since the country emerged from recession in the second quarter of 2017. These same positive sentiments have been shared by most international and local rating agencies. This anticipated growth is expected to create opportunities for investment in areas such as agriculture, agro-processing, industry, mining, construction and services. Indeed, confidence is gradually returning to the economy, as evidenced by the 131.3 per cent growth in the value of capital importation by the third quarter of 2017.

THE OPERATING RESULTS

I am extremely pleased to report that despite all these strong economic headwinds and the overwhelming operational challenges, the company ended the year on a high note. C&I Leasing Plc posted gross earnings of about N21billion for the group and N16 Billion for the company during the year.

A growth of 23% for the group and 10% for the company were recorded relative to the corresponding figures of N17 billion and N15 billion respectively in 2016. Whereas, the group's profit before tax grew by 22% from N1.0bn in 2016 to N1.3 billion in 2017, the company recorded an increase in profit before tax by 1221% from N38m to N0.5billion.

Similarly, the group's profit after tax grew by 9% from N0.9 billion to N1.0billion while the company's profit after tax increased by 4520% from N(0.01)billion to N0.5 billion. The group's total assets grew by 17% from N38 billion in 2016 to N45 billion in 2017 while that of the company grew by 8% from N27 billion in 2016 to N29 billion in 2017 then the group shareholder's fund grew by 12.5% from N8 billion in 2016 to N9 billion in 2017 and the company's shareholder's fund grew by 5% from N5.7 billion to N6 billion.

This impressive performance was achieved against the background of the new contract signed in the marine business and efficiency gains from other business units especially the Fleet management business. The continued success of our brands is as a result of our dedication to quality service delivery, processes and increased brand visibility - a product of our strategic marketing activities.

Above all, the fundamentals of the company get stronger year-on-year through prudent cost management and strategic alliances.

CAPITILIZATION

During this period , the total assets of the company grew by 17.2% to N45.0

billion largely due to investment in six new marine vessels which were deployed in 2017, while 2 other new boats will be acquired and deployed in 2018. The huge investment in marine assets during the period coupled with the planned redemption of AWAF's notes valued at $1.15m, which is expected to mitigate dilution effect and enhance shareholder's wealth, are funded mainly from borrowing thereby affecting our ability to pay dividend this year.

The Directors have considered that given the global economic challenges and difficult business terrain, it is imperative to preserve liquidity and maintain a prudent policy. Therefore, the Board has decided to strengthen the capital base of the company and inject fresh funds through a bond issuance of N7 billion and a possible raise of additional equity. Issuing these bonds will give the company an opportunity to align its liabilities with longer tenured instruments suitable for the long term nature of the Company's business.

THE BOARD

I wish to inform you of the addition of a new member to the Board- Mr. Alex Mbakogu who was elevated to the position of an executive director on the 27th of July 2017. This was done to ensure that the activities of the Board continue to be executed as seamlessly as possible. Mr Mbakogu has been working with the company for over 19 years. He has worked in various sections of the company such as business development, finance, treasury, operations and marketing. He has acquired a wealth of experience in risk management, accounting, strategy development and corporate governance. Owing to his excellent performance, he was posted to the company's Ghanaian subsidiary, Leasafric Ghana Limited where he worked for over 7 years, eventually attaining the position of Managing Director before returning to C&I Leasing Plc in 2014. In 2015, He was appointed the Chief Finance Officer of the group, a position he still holds till date. Regulatory approval for his appointment has been obtained and we shall propose a resolution for the approval of his appointment at the annual general meeting.

CONCLUSION

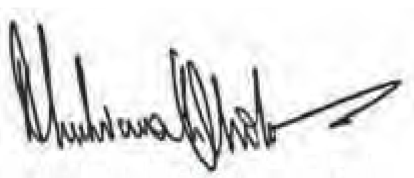
Distinguished shareholders, it gives me great pride to say that even in the face of a very challenging environment, C&I Leasing has maintained its culture of outstanding performance and industry leadership. As a company, we shall continue to explore opportunities and monitor developments both in the local and global economy while applying pragmatic solutions to remain on top. It is pertinent to note that despite the challenging business environment, C&I Leasing's financial position together with our fundamentals continue to be strong.

The Board is very confident that C&I Leasing has a robust and prosperous future with great opportunities to grow and build long-term value for all stakeholders. We shall strive to strengthen our core business in line with our strategic business thrust and in alignment with government's vision on Petroleum Industry Government Bill (PIGB). We will continue to leverage our brand reputation, scale of operations and innovations to grow market share and volume. We will also continue to step up investments in our core businesses, drive down costs and increase our productivity to the delight of all stakeholders.

Ladies and Gentlemen, on behalf of the Board and Management, I thank you all for your understanding, patience, support and continued faith in the Company and Management Team. I thank you also for your presence at this year's Annual General Meeting.

Finally, I thank the Staff and Management for their loyalty and dedication to duty.

Thank you all.



Chairman, Board of Directors

The Board of Directors

CHIEF CHUKWUMAH H. OKOLO

Chairman

Chief Henry Okolo is a Chartered Accountant. He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka (1978). Chief Okolo was a past coordinator of the West African Enterprise Network (Nigerian Chapter) from 1995 – 1997 and the Vice Chairman of the Nigerian Economic Summit Group. He became the Chairman of the Board of Directors in 2016.

EMEKA NDU

Vice Chairman

Mr. Emeka Ndu, a Chartered Accountant and Group Vice Chairman of C&I Leasing Plc. Until June 2000 he was the Chairman of the Equipment Leasing Association of Nigeria (ELAN). Mr. Ndu has served as the Chairman of the Shipping and Marine Services Sub-Committee of the National Consultative Forum set up by the Nigerian National Petroleum Corporation (National Content Division) to promote indigenous content in the Nigerian oil & gas industry.

ANDREW OTIKE-ODIBI

Managing Director / CEO

Mr. Andrew Otike-Odibi is a Chartered Accountant, and currently the Managing Director of C&I Leasing Plc. He joined C&I Leasing in 1998 as a Senior Manager and was appointed to the Board in 2007. Prior to joining C&I, Mr. Otike-Odibi was a Branch Manager with Diamond bank Plc. He holds a B. Sc and MBA from the University of Benin. He became the Managing Director of C&I Leasing Plc in 2016.

ALEX MBAKOGU

Executive Director

Mr. Mbakogu Alexander has held several positions since joining C&I Leasing Plc, including Management Accountant and Head Treasury, Manager Finance and Accounts then until recently he was the Managing Director, Leasafric Ghana. He is a fellow of the Institute of Chartered Accountants of Nigeria, a member of the Institute of Credit and Risk Administration of Nigeria and the institute of Chartered Management Accountants of Nigeria.

LARRY ADEMESO

Non-Executive Director

Mr. Larry O. Ademeso obtained his first and second degrees in Insurance and Marketing respectively from the University of Lagos. He is an associate of the Chartered Insurance Institute of Nigeria and Associate member of the International Insurance Society. He is an Alumni of the Lagos Business school. He is currently the MD/CEO of Custodian Life Assurance.

IKECHUKWU DURU

Independent Non-Executive Director

Mr Ikechukwu Duru is an Associate member of Institute of Accountants of Nigeria (ICAN), Associate member of Chartered Institute of Taxation of Nigeria (CITN) and also An Associate member of Chartered Institute of Stockbrokers (CIS). He joined the board in June 2005 as a non-exective director representing Credit Alliance Financial Services Limited on the Board. In 2017, he was re-designated an independent director, ceasing to represent Credit Alliance Financial Services Limited.

OMOTUNDE ALAO-OLAIFA

Non-Executive Director

Tunde Alao-Olaifa has extensive experience across the corporate spectrum which includes Capital Raising, Deal Structuring, Acquisition, Project Financing as well as asset Management. He represents Leadway Assurance Company Limited on the Board as an independent director.

SULE UGBOMA

Non-Executive Director

Mr. Sule Ugboma is a graduate of Management Studies, Imo State University. He has a Diploma in Management from Nottingham University, England. He is currently the MD of DEC Oil and Gas Limited.

JACOB KHOLI

Non-Executive Director

Jacob Kholi is a Partner with The Abraaj Group and the regional Chief Investment Officer for Sub-Saharan Africa.

Mr. Kholi holds a MSc. in Finance and Financial Law degree from the University of London, an Executive MBA in International Business from the Paris Graduate School of Management (PGSM) and a BSc. in Administration (Accounting) degree from the University of Ghana Business School. He is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants, Ghana.

The Report of the Directors

The Directors are pleased to present the financial statements of the company for the year ended 31 December 2017.

LEGAL FORM AND PRINCIPAL ACTIVITIES

C&I Leasing Plc was incorporated in 1990 to engage in the business of finance lease, operating lease and ancillary services. Over the years, C&I Leasing Plc has evolved and transformed itself from a limited liability company licensed by the Central Bank of Nigeria to carry on the business of finance and operating leases, to a publicly quoted company having multiple business lines with subsidiaries in Ghana and the United Arab Emirates.

The company's principal activities are Fleet Management, Marine Services, Personnel Outsourcing and Citracks Telematics.

Fleet Management

Our fleet management business is committed to demonstrating expertise and quality driven services to its growing customers. The business provides car rental services with its Hertz Car Rental franchise, as well as fleet management services for light vehicles and heavy duty automobiles. It is the largest outsourced fleet services operator, serving major organizations across the 36 states of the Federation by deploying fleet management solutions under its Gold and Silver Fleet Scheme to both individuals and corporate bodies.

Even in the face of challenges such as high cost of vehicles and the frequent change in government policies affecting land logistics business, the unit has witnessed robust growth over the last few years and has become a well-known brand in the industry. With the combined effect of technology and improved driver efficiency, the business continues to explore new ways in which it can improve efficiency by reducing costs and managing risks.

Marine Services

Our marine business offers a wide range of marine services to both onshore and offshore terminals; leveraging the opportunities created by the Nigerian Oil and Gas Industry Development Act for indigenous companies. With efficiency and safety as its watchword, the business has built a strong reputation in the industry, gradually positioning itself as a leading Nigerian content player in the offshore marine vessel space.

The business which started with a fleet of six vessels now boasts of a fleet of over twenty vessels consisting of crew boats, pilot boats, tug boats, patrol boats and platform support vessels for providing services such as line and hose handling, berthing and escort services, mooring support, fire-fighting, pollution control, security and floating and self-elevating platforms.

Despite the challenges of low oil price and the Niger Delta crises which have led to a partial disruption of oil and gas exploration and production activities, the business continues to explore new opportunities in the industry.

Recently, the company added an 80-ton vessel, "MV BELLO 2015" which was commissioned in August 2017 and has been deployed to a five-year contract with Shell Nigeria.

Personnel Outsourcing

This unit provides personnel management, human resource outsourcing, consultancy, personnel evaluation, training and manpower development services. The unit plans to take up opportunities for new income streams, use technology and social media to drive its job portal brand and training business, engage in networking and marketing activities which will boost visibility and diversify into the Energy, Medical and Agricultural sectors of the Nigerian economy.

The business has not been without challenges. It was not insulated from the effects of recession on the economy of the country, which led to massive retrenchment of staff by many companies as part of cost saving measures. However, with the recovery of the economy the business is experiencing increasing demands for its services.

Citracks

This unit provides web-based, end-to end tracking and other fleet management solutions to both its internal clients; Hertz Nigeria, Hertz Ghana, as well as external clients which are a combination of individuals, SMEs and corporate organizations. It also provides specialized tracking and fuel monitoring solutions for vessels. The unit has also expanded its Telematics offers to CCTV, Reverse Alarm Systems, Generator monitoring solutions and Speed limiters.

The company was recently signed on as the local partner of Nautical Control Solutions (NCS), the manufacturers of Fueltrax. Fueltrax is one of the nominated fuel monitoring system by the oil industry in monitoring the performance of boat engines and their fuel consumption.

As at 31st December 2017 the company and its consolidated subsidiaries have a staff strength of over 5,500 employees and a balance sheet of over N45Billion (approximately $148 million). Evolving from a single product company offering leasing services to consumers for the purchase of cars and other household items, C&I Leasing Plc became a multi-product company with several indigenous and multinational blue-chip companies as business partners. We have successfully maintained our position as one of the largest non-banking service companies quoted on the Nigerian Stock Exchange since 1997 and we take pride in sustaining our reputation for our exceptional and quality services.

OUR SUBSIDIARY COMPANIES

Presently, the company has two operating subsidiaries:

Leasafric Ghana Limited

LEASAFRIC GHANA LIMITED is a non-bank financial institution duly licensed and regulated by the Bank of Ghana. The company which is the largest leasing company of choice in Ghana was incorporated in March 1992 and was licensed by the Bank of Ghana in August 1994 to carry on the business of finance leasing and ancillary services.
The company also engages in personnel outsourcing and plans to diversify into the oil and gas sector.
Leaseafric has consistently delivered good returns in the past 5 years growing its Profit before tax from N80 million to N263 million as at 2017 financial year end.

With the intending listing of Leasafric on the Ghana Stock Exchange ("GSE"), the board is confident of enhanced performance and increased profitability for the group.

Epic International FZE

Epic International FZE was incorporated in 2011, as a free trade zone establishment in United Arab Emirates and licensed to trade in ships and boats, ships and boats spare parts, components and automobile. The Company commenced operations fully in 2014, providing two vessels each to Shell and NLNG on hire through its parent company, C & I Leasing Plc. In 2015, another vessel commenced operations with Exxon Mobil while 1 Rhib craft commenced operations with NLNG in 2016. In 2017, 4 new security boats and a pilot boat resumed operations with NLNG while an 80 ton bollard pull AHTS resumed a five year contract with Shell Nigeria.

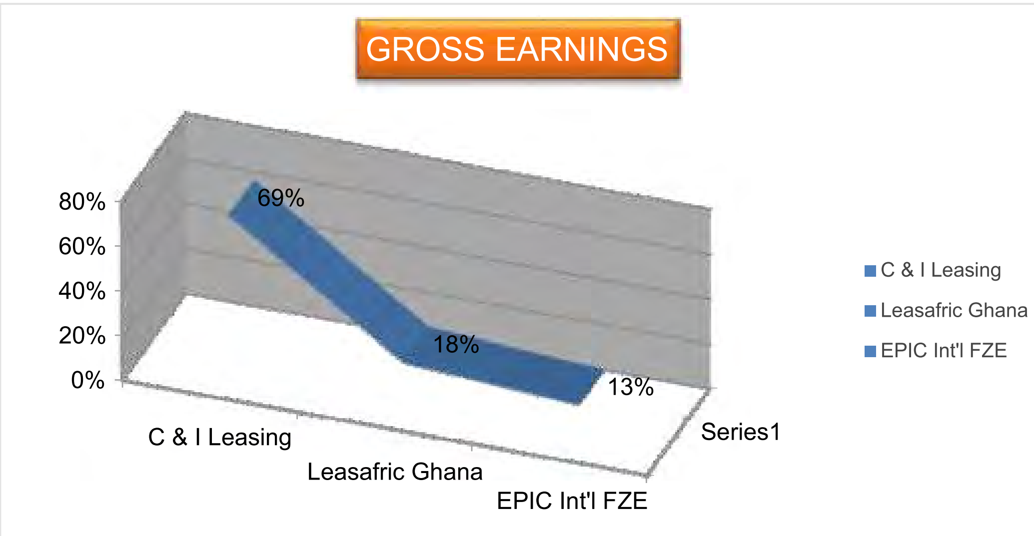
OPERATING RESULTS AT A GLANCE

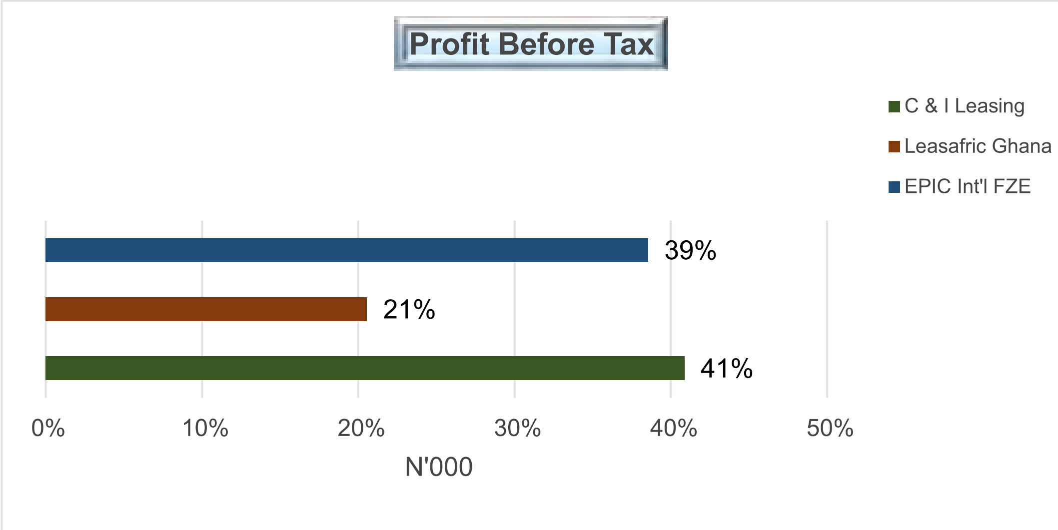
Highlights of the Group's operating results for the year under review are as follows:

The Gross earnings and Profit before tax of the Group increased by 25.5% and 23.3% respectively, while those of the Company increased by 12.3% and 1,260.6% respectively.

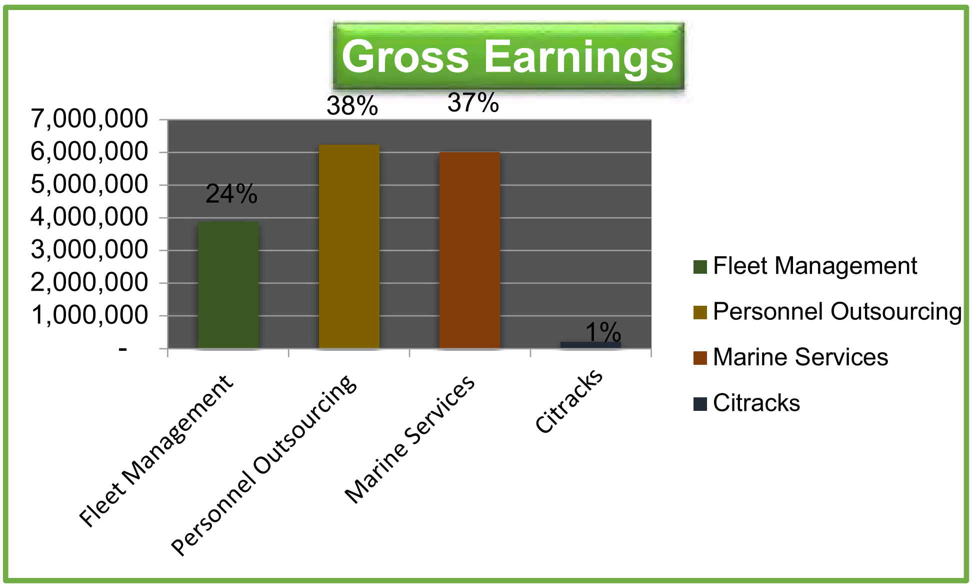
	GROUP		COMPANY	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Revenue	21,371,697	17,015,799	16,314,946	14,511,291
PBT	1,262,072	1,036,224	506,913	38,382
Income Tax	(162,783)	(115,357)	(70,949)	(48,592)
PAT	1,114,583	920,867	451,258	(10,210)

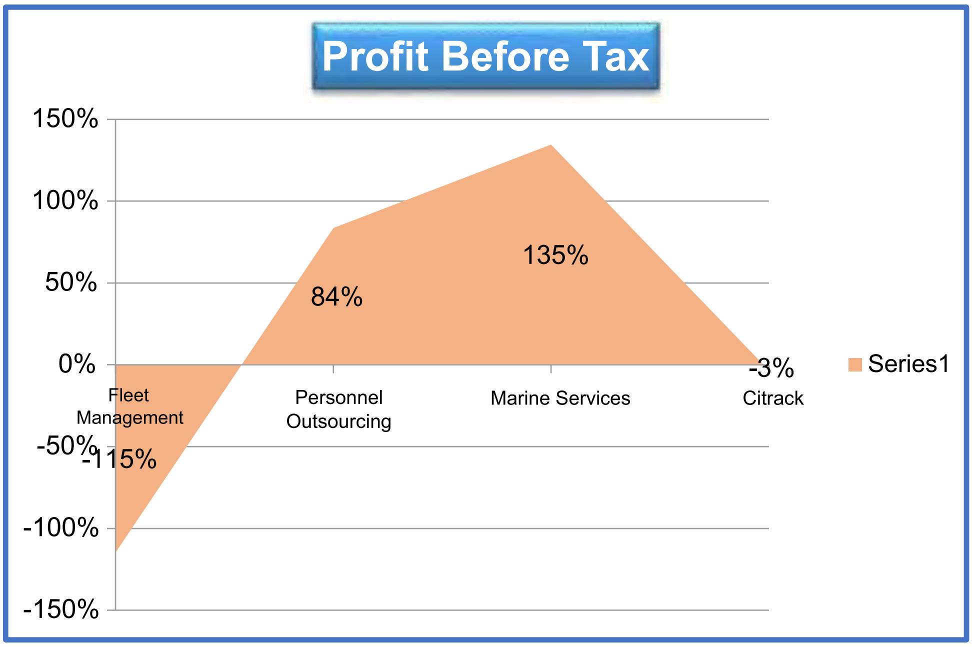
Group's position – December 2017





Company's position – December 2017





FINANCIAL PERFORMANCE AND BUSINESS REVIEW

There is no doubt that 2017 was yet another challenging year in the operating environment of the company. However, C & I Leasing Plc was able to exploit the inherent opportunities which translated to better performance. This further corroborates the resilience and acceptability of our brand.

For the Company, total assets grew from N27 billion in 2016 to N29.3 billion in 2017 representing an increase of 8.4% over the previous year's figure while shareholders' fund rose by 5.3% from N5.7 billion in 2016 to about N6 billion in 2017. Total liabilities of the parent company also increased by 9.2% from N21.3 billion in 2016 to N23.3 billion in 2017.

The Group also saw an increase in total assets by 17.2% from N38.4 billion in 2016 to about N45 billion in 2017 while shareholders' fund increased from N8.1 billion in 2016 to N9.1 billion in 2017 representing a rise of 12.5% above the previous year's figure. The Group's total liabilities also rose by 18.5% from N30.3 billion in 2016 to N35.9 billion in 2017.

During the year, we continued to focus on the delivery of our key strategic pillars; namely, providing an outstanding customer service experience to our clientele, improvement of long-term shareholders' return as well as being the partner of choice for any discerning lessee in the markets where we operate.

Also during the year, C & I Leasing Plc received rating reports from both Agusto & Co and Global Credit Rating- GCR as follows:

GCR –	Short term:	A3
	Long term:	BBB
Agusto & Co:		Bbb

These were investment grade ratings with the outlook of the business considered stable by the two agencies.

OUTLOOK FOR 2018 AND BEYOND

Management believes that 2018 and beyond hold huge prospects for the company. We expect to take delivery of two tug boats meant to serve one of the biggest gas companies in Nigeria by the second half of the year. This singular project is expected to impact revenue in 2018.

The business of Fleet Management as well as Outsourcing have been strategically reviewed with robust technological innovation and solutions in place to make the units extremely efficient and more profitable.

We have engaged the services of an Investor Relations Partner to deliver tools and guidelines for visibility and attraction of fresh investment. A calendar to drive this agenda is in place and execution has already commenced.

Overall, we plan to continue to seek opportunities for growth by introducing initiatives which will improve our visibility to customers and potential business partners. We will take advantage of leverage opportunities available on both online and offline platforms to reinvent our visual imagery and increase our share of voice in the market space. We will re-emphasize our presence as the pioneers in business support services in West Africa, outshine all competition and attract new opportunities for 2018 and beyond.

CORPORATE GOVERNANCE FRAMEWORK

The Board of C&I Leasing Plc has a robust corporate governance framework designed to guide its responsibilities and decision making processes. This is in recognition of the fact that sound corporate governance practices are inevitable for corporate success and continued existence. In the period under review, the Board executed its statutory duties in accordance with corporate governance principles.

THE BOARD OF DIRECTORS

Board Composition

The Board of Directors consists of nine members with appropriate mix of knowledge, experience and skills that align with the company's objectives and strategic goals.
The membership of the Board during the year under review are as follows:

S/N	NAME	POSITION
1.	Chief Chukwuma Henry Okolo	Chairman
2.	Mr Chukwuemeka Ndu	Vice Chairman
3.	Mr Andrew-Otike-Odibi	Managing Director
4.	Mr Ikechukwu Duru	Independent Non-Executive Director
5.	Sir Patrick Ugboma	Non-Executive Director
6.	Mr Tunde Alao-Olaifa	Non-Executive Director
7.	Mr Larry Ademeso	Non-Executive Director
8.	Mr Jacob Kholi	Non-Executive Director
9.	Mr Alex Mbakogu	Executive Director

Responsibilities of the Board

The directors are conscious of their fiduciary duties to the company, most important of which are the duties of loyalty and care. The Board has continued to carry out their duties with utmost regard for the best interest of the Company, its shareholders and other stakeholders.

Key functions of the board during the year:

- Worked closely with management in forming the long and short term strategic plans, strategic investments and alliances and major business development initiatives for the group. The board held strategy sessions to have deeper discussions on the business units and subsidiaries.
- Reviewed and approved the 2017 budget, business plans and capital allocations and expenditures for the group.
- Reviewed and approved the group's financial reports including quarterly, half yearly, nine months and audited year end results as well as ensuring the integrity of the group's accounting financial reporting systems by establishing mechanisms for monitoring risk, financial controls and compliance with applicable laws.
- Enquired into major performance deficiencies affecting the company's business.
- Ensured compliance with corporate governance principles.
- Ensured that appropriate disclosures and statutory remittances were complied with.
- Evaluated the performance of the executive directors and senior management members.

Attendance in Meeting:

The Board of Directors hold periodic meeting to discuss issues relating to operations, finance and strategy. The board also holds extraordinary meetings to address urgent matters that require immediate attention. The board agenda and reports are forwarded to board members prior to the meeting, to enable the board to make informed decisions.

Below is a record of meetings and directors' attendance in meetings during the year under review:

ATTENDANCE FOR BOARD OF DIRECTORS MEETING	NO. OF MEETINGS HELD / NO. OF MEETINGS ATTENDED
CHIEF CHUKWUMA H. OKOLO	6/6
MR. CHUKWUEMEKA NDU	6/6
MR. TUNDE ALAO-OLAIFA	5/6
MR. LARRY OLUGBENGA ADEMESO	6/6
MR. JACOB KHOLI	3/6
SIR. PATRICK UGBOMA	6/6
MR. IKECHUKWU DURU	6/6
MR. ANDREW OTIKE- ODIBI	6/6
MR. ALEX MBAKOGU*	2/6*

The Board of Directors held its meetings on the following dates during the year: January 26, 2017, March 30, 2017, April 27, 2017, July 27, 2017, October 26, 2017 and November 9, 2017.

*Mr Alex Mbakogu was appointed to the Board in July 2017.

BOARD CHANGES

The Board of Directors appointed Mr. Alexander Okwuchukwu Mbakogu an executive director of the company on the 27th of July 2017. His appointment has received the approval of the Central Bank of Nigeria. Mr. Mbakogu is the Chief Finance Officer of the company; a position he still holds alongside his directorship. At the Annual General Meeting a resolution will be proposed by the directors for the approval of his appointment by the shareholders.

Mr. Ikechukwu Duru and Mr. Tunde Alao-Olaifa will retire at the upcoming Annual General Meeting and will be presenting themselves for re-election. A resolution to this effect will be proposed to members for approval.

COMMITTEES

Consistent with the view that for board effectiveness, specialized matters should be referred to specific committees for appropriate attention and consideration, the Board performs its functions using various Board Committees. The committees advise the board through recommendations.

In addition to the board committees stated below, recently, the Board established a new committee: Nominating and Corporate Governance Committee whose responsibilities are primarily to advise the Board on succession planning and compliance with corporate governance requirements.

a. Board Operations Committee:
The board appreciates the fact that strategy is at the heart of organizational success and/or failures, hence, the need for the Board Operations Committee. The committee comprises three non-executive directors.

The Board Operations Committee is responsible for the group's strategic planning. It identifies critical strategic issues facing the organization and advises the board and management on the group's long-term strategy development and implementation. It also reviews major investment and divestments issues.

During the year, the committee met four times with attendance as follows:

ATTENDANCE FOR BOARD OPERATIONS COMMITTEE MEETING	POSITION	NO. OF MEETINGS HELD / NO. OF MEETINGS ATTENDED
MR. CHUKWUEMEKA NDU	CHAIRMAN	4/4
MR. LARRY OLUGBENGA ADEMESO	MEMBER	4/4
MR JACOB KHOLI	MEMBER	4/4

The Board Operations Committee held its meetings on the following dates during the year: January 24, 2017, April 25, 2017, July 25, 2017 and October 24, 2017.

b. Board Risk Committee:

The Board Risk Committee recognizes that risk management is integral to the group's continued operation and attainment of its long-term goals and holds its meeting quarterly to review significant risks that may have material impact on the group's operation and ascertain the effectiveness of the group's risk management and control measures. The Committee is also responsible for assessing the adequacy and effectiveness of the Company's management of the risk and compliance function of the Company.

During the year, in addition to other functions, the Board Risk Committee carried out the following:

- Reviewed the group's quarterly risk register comprising the heat map, elements of heat map, key enterprise risk categories, significant risk events in the period under review and key mitigating strategies.
- Reviewed the effectiveness of the group's risk management and control and made recommendations to the board and management.
- Carried out oversight functions with respect to management's process for the identification of significant risks across the group and the capability of prevention, detection and reporting mechanisms;
- Reviewed the group's Risk Management Framework 2017-2019 which is in line with the International Standard in Risk Management– ISO31000.
- Reviewed quarterly regulatory compliance and statutory reports
- Ensured the use of automation/internal control module for a better control.

The composition of the Board Risk Committee as well as the record of attendance at meetings for the year are as detailed below:

ATTENDANCE FOR BOARD RISK COMMITTEE MEETING	POSITION	NO. OF MEETINGS HELD / NO. OF MEETINGS ATTENDED
MR TUNDE ALAO-OLAIFA	CHAIRMAN	4/4
MR. ANDREW OTIKE-ODIBI	MEMBER	4/4
MR. JACOB KHOLI	MEMBER	2/4

The Board Risk Committee held its meetings on the following dates during the year: January 25, 2017, April 26, 2017, July 26, 2017 and October 25, 2017.

AUDIT COMMITTEE

The Company's Audit Committee oversees internal and external audit, compliance with regulatory requirement accounting and financial reporting systems of the group. The Audit Committee is a six member committee comprising three directors and three representative of shareholders elected at the last annual general meeting. The members have the appropriate qualifications and background to effectively carry out the committee's responsibilities.

During the year, in addition to other functions, the Audit Committee carried out following:

- Ascertained the accuracy and integrity of the accounting and reporting systems of the group and ensured that it complies with legal and ethical requirements
- Reviewed the quarterly accounts for the group, and demanded management's explanations where necessary.
- Reviewed the audited consolidated financial statements and examined issues contained in the management letter.
- Reviewed and approved the Internal Annual Audit Plan 2017; a document setting out the framework for the use of audit resources. It is also a yardstick for measuring audit performance.
- Ascertained that the company complied with all statutory and regulatory requirements as well as making disclosures where necessary.
- Reviewed risks affecting the company and ensured that effective control measures are put in place.
- Review and approval of the external auditor's 2017 Audit Planning Memorandum, setting out the plan, scope, procedures and reporting requirements with respect to the audit of the consolidated financial statements for the year ending 31 December 2017.
- Reviewed the key audit issues and corrective actions contained in the quarterly Internal Control Audit Reports to ensure that the internal control system of the group is effective and that the overall control environment of the group is satisfactory.
- Made recommendations to the board and management on the competence of the external and internal auditors, their remuneration and terms of engagement.
- The committee also ensured that the internal controls, governance and risk management processes were generally established and functional.
- Review of independent consultant's quarterly whistle blowing report.

The Audit Committee met six times (January 25, 2017; March 15, 2017; April 26, 2017, July 26, 2017; October 25, 2017 and December 14, 2017) during the year under review with details of attendance as follows:

ATTENDANCE FOR AUDIT COMMITTEE MEETINGS	POSITION	NO. OF MEETINGS HELD / NO. OF MEETINGS ATTENDED
MR. S.B. ADERENLE	CHAIRMAN (SHAREHOLDER MEMBER)	5/6
MR. FEMI ODUYEMI	SHAREHOLDER MEMBER	6/6
MRS CHRISTIE VINCENT-UWALAKA	SHAREHOLDER MEMBER	6/6
MR. JACOB KHOLI	DIRECTOR	1/6
MR. IKECHUKWU DURU	DIRECTOR	5/6
MR. TUNDE ALAO-OLAIFA	DIRECTOR	6/6

Mr Jacob Kholi became a member of the committee on March 20, 2017. He replaced Princess (Mrs) N.U.I. Uche who resigned from the board in January 2017.

CODE OF BUSINESS ETHICS

The Company has codes of business which defines the Company's mission within a corporate governance framework. The codes are applicable to all employees as well as Directors and business partners of the Company in business conduct. These codes set the professionalism and integrity required for business operations which cover compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for dishonest practices.

STATEMENT IN RESPECT OF DIRECTORS' RESPONSIBILITIES

Responsibilities in respect of financial statements

The Companies and Allied Matters Act 2004 requires the directors to prepare financial statement for each financial year that gives a true and fair view of the state of financial affairs of the company at the end of the year and of its profit and loss. The responsibilities include ensuring that the company:

a) Keeps proper accounting records that disclose reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act 2004;

b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;

c) and Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment, in conformity with the requirements of the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company, the financial position of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control as the Directors determine is necessary to ensure that the financial statements are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of these financial statements.

DIRECTORS DECLARATION

The directors declare that none of them have:

- Ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- Ever been declared bankrupt or sequestrated in any jurisdiction; at any time being a party to a scheme of arrangement or made any other form of compromise with their creditors;
- Ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- Ever been involved in any receiverships, compulsory liquidations or creditors' voluntary liquidations;
- Ever been barred from entry into a profession or occupation; or
- Ever been convicted in any jurisdiction for any criminal offence under any Nigerian legislation.

SHAREHOLDING STRUCTURE

The analysis of shareholding structure in the company as at December 31, 2017 was as follows:

LIST OF SUBSTANTIAL INTEREST IN SHARES

AS OF 31 DECEMBER, 2017

Shareholder	Number of shares held	% of Shareholding
LEADWAY ASSURANCE CO. LTD	140,000,353	8.66%
CIL ACQUICO LIMITED	130,789,499	8.09%
PETRA PROPERTIES LTD	87,685,985	5.42%
GRAND TOTAL	**358,475,837**	**22.17%**

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DEC. 2016

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DECEMBER 2016

S/No.	NAMES	TOTAL (DEC 2016)	SHAREHOLDING DIRECT (DEC 2016)	SHAREHOLDING INDIRECT (DEC 2016)	INDIRECT HOLDER
1	OKOLO H.C. (CHAIRMAN)	14,269,093	14,269,093		
2	NDU CHUKWUEMEKA E. - (VICE-CHAIRMAN)	60,236,490	1,338,271	58,898,219	PETRA PROPERTIES
3	OMOTUNDE ALAO-OLAIFA	140,000,353	-	140,000,353	LEADWAY ASSURANCE CO. LTD
4	IKECHUKWU DURU	60,000,010	-	60,000,010	CREDIT ALLIANCE FIN. SERV. LTD
5	PRINCESS N.U.I UCHE	78,162,708	100,200	78,062,508	OUT CONSORTIUM
6	KHOLI JACOB	43,394,691	-	43,394,691	AUREOS WEST AFRICA FUND LLC
7	UGBOMA PATRICK SULE	80,416,666	80,416,666		
8	OTIKE-ODIBI ANDREW - (MANAGING DIRECTOR)	814,300	814,300		
	DIRECTORS TOTAL	477,294,311	96,938,530	380,355,781	
	% OF TOTAL	29.52%	5.99%	23.52%	
	TOTAL OUTSTANDING SHARES	1,617,010,000	1,617,010,000	1,617,010,000	

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DEC. 2017

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DECEMBER 2017

S/No.	NAMES	TOTAL (DEC 2017)	SHAREHOLDING DIRECT (DEC 2017)	SHAREHOLDING INDIRECT (DEC 2017)	INDIRECT HOLDER
1	OKOLO H.C. (CHAIRMAN)	1,200,338	1,200,338		
2	NDU CHUKWUEMEKA E. - (VICE-CHAIRMAN)	89,124,255	1,438,270	87,685,985	PETRA PROPERTIES
3	OMOTUNDE ALAO-OLAIFA	140,000,353	-	140,000,353	LEADWAY ASSURANCE CO. LTD
4	LARRY OLUGBENGA ADEMESO	44,909,709		44,909,709	CUSTODIAN AND ALLIED INSUR.
5	IKECHUKWU DURU	-	-	-	
6	KHOLI JACOB	43,394,691	-	43,394,691	AUREOS WEST AFRICA FUND LLC
7	UGBOMA PATRICK SULE	80,416,666	80,416,666		
8	OTIKE-ODIBI ANDREW - (MANAGING DIRECTOR)	8,214,300	8,214,300		
	DIRECTORS TOTAL	407,260,312	91,269,574	315,990,738	
	% OF TOTAL	25.19%	5.64%	19.54%	
	TOTAL OUTSTANDING SHARES	1,617,010,000	1,617,010,000	1,617,010,000	

SHAREHOLDING STRUCTURE AS AT DECEMBER 31, 2017

C & I LEASING PLC RANGE ANALYSIS

AS OF CLOSE OF BUSINESS 31 DECEMBER, 2017

Range	No Of Holders	%	Unit	%
1 - 10000	11,098	65.10%	43,311,784	2.68%
10001 - 50000	4,346	25.49%	102,180,471	6.32%
50001 - 100000	757	4.44%	59,815,852	3.70%
100001 - 500000	624	3.66%	139,400,407	8.62%
500001 - 1000000	108	0.63%	80,990,044	5.01%
1000001 - 5000000	81	0.48%	178,013,828	11.01%
5000001 - 10000000	12	0.07%	83,116,780	5.14%
10000001 - 50000000	16	0.09%	378,972,114	23.44%
50000001 - 100000000	4	0.02%	279,945,884	17.31%
100000001 - 500000000	2	0.01%	271,262,836	16.78%
Grand Total	**17,048**	**100%**	**1,617,010,000**	**100%**

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 balance sheet date.

HUMAN RESOURCE

The Human Resource Unit serves a pivotal role of a key support partner to all our operations across all business units. The Unit has the primary responsibilities of driving the achievement of our overall corporate objectives and employee advocacy, both of which form the bedrock and premise for deriving all other relevant functions that drive our system. We align our strategies with our corporate Vision and Mission while consistently implementing global HR best practices.

The C&I Work Environment

We have over the years entrenched a performance driven work environment as an optimal strategy to achieving our goals and objectives. The HR Unit recognizes that key success factors to achieving its mandate as a Unit include continuously improving our recruitment and selection process, performance management systems, reward systems and retention policy and to managing the exit of staff. The Company's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition that does not impair performance. 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 Company's working environment. The results of these are an improved talent management system which has yielded improved employee engagement and staff retention.

A well-structured performance assessment system is in place to track the attainment of corporate, unit and individual deliverables and Key Performance Indicators (KPIs). The performance of every employee is focused on ensuring that we effectively achieve our quality objectives of meeting and exceeding customer requirements, recognizing that customer satisfaction is a primary goal and key to our existence as a company.

In addition to regular job- related training activities, our employees are motivated by structured personal development and performance driven incentive schemes. These have engendered greater productivity over the years and will remain a key component of our work environment. In addition, the Company operates both a Group Personal Accident and the Workmen Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act of July 2014.

The health and safety of all employees remain a key Management policy direction. This forms a crucial component of our culture. We work assiduously with relevant units to entrench and inculcate strong HSES values. It is instructive that health and safety have been enshrined as key assessment parameters in our performance management process. Employees are adequately insured against occupational and other hazards. Furthermore, top health care providers have been carefully selected under health management organizations to look after the health care needs of employees and their immediate families at the expense of the company.

Our compensation and reward system remain very competitive and performance driven. It is consistently reviewed to keep pace with industry standards, and the challenges imposed by economic trends. The goal is to ensure the attraction and retention of top talent as this is very essential to achieving our corporate objectives. This accounts for the low attrition rate within our work environment.

We remain resolutely committed to significant improvements in our work system in the short -run and on a long-term basis to enhance operational efficiency across board. This informs the current digitalization drive, improved welfare system, continued focus on creativity and innovativeness as well as consistent benchmarking of our HR practices with global best practices.

CORPORATE RISK AND INTERNAL CONTROL SYSTEMS

C&I Leasing Plc recognizes risk management as an integral component of good corporate governance and fundamental in achieving its corporate and operational objectives. It improves decision making, defines opportunities and mitigates material events that may impact shareholder value.

The company is committed to ensuring that it establishes enterprise wide risk management systems and processes to ensure its strategic goals and corporate governance responsibilities are met. The Board has ultimate responsibility for C&I Leasing's risk management. It has developed an enterprise wide risk management policy to provide guidance and direction on the management of risk within C&I Leasing Group.

To achieve the group's corporate goals, including meeting the economic expectations of shareholders, C&I Leasing must pursue opportunities and make decisions that involve some degree of risk. This policy formalizes and communicates the C&I Leasing's approach to risk management. This policy provides guidance in relation to a transparent and consistent consideration of risk and uncertainty when these opportunities are pursued, and decisions are made.

For risk management to be an effective management tool, it needs to be an integral part of key management processes and day-to-day working. As such, risks and the monitoring of associated actions are considered as part of several C&I Leasing's significant business processes.

INTERNAL CONTROL SYSTEM

It is the policy of C&I Leasing Plc to maintain an active system of internal control. This system is relevant and material to the proper administration and management in C&I Leasing Plc.

The internal control system covers both administrative and financial control and provides reasonable assurance that:

- The operations of the company are conducted in an efficient and effective manner.
- The financial reports of the company are reliable.
- C&I Leasing Plc complies with all applicable regulations and laws

To create an effective internal control system, management devoted adequate resources to effectively implement the system of internal control. The resources include personnel, equipment, and an adequate budget for implementation.

INTERNAL AUDIT FUNCTION

In order to assess and test the internal risk management and control systems, the C&I Leasing Plc has a dedicated internal audit team that operates in conformity with a charter approved by the Audit committee and in line with international professional standards (Institute of Internal Auditors).

The team is composed of seasoned professionals with direct and unlimited access to Group operations, documents and employees. The Internal Audit Unit reports directly to the Audit committee and has an open line of communication with the Managing Director.

Internal Audit conducts its missions according to a risk-based audit plan approved once a year by the Audit committee. Upon request of the Group's management, Internal Audit also performs several ad-hoc audits on certain aspects of the business. This work is complemented by the annual audit exercise carried out by the external auditors.

ANTI-MONEY LAUNDERING

C&I Leasing Plc is committed to establishing exemplary anti-money laundering practices and ensuring that the Company is not used as a conduit for money laundering or other illicit business. The Group has adopted procedures emanating from the Money Laundering (Prohibition) Act, 2011 (MLPA), Central Bank of Nigeria Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) Regulation. It also complies with and implement the requirements of all domestic and international laws and regulations on money laundering with a view to instituting efficient procedures and contributing to the global efforts against money laundering and terrorist financing.

The Group's firm commitment to contribute in combating money laundering and terrorist funding is driven by its desire to uphold the integrity of the financial systems, to protect its reputation and to safeguard the interests of all its stakeholders.

WHISTLE BLOWING POLICY

C&I Leasing Plc conducts its business on the principles of fairness, honesty, openness, decency, integrity and respect. The Group is committed to highest standards and ethical behavior by helping to foster and maintain an environment where employees and other stakeholders can act appropriately, without fear of reprisal.

In ensuring a high ethical standard in all its business activities, C&I Leasing Plc has established a code of ethics which set out the standard of conduct expected in the management of its businesses across the Group.

In furtherance of this, C&I Leasing Plc has Whistleblowing Policy and Procedure to provides a channel for the Group`s employees and other relevant stakeholders to raise concerns about workplace malpractices, in a confidential manner in compliance with Securities Exchange Commission's (SEC) Corporate Governance guidelines.

ENVIRONMENTAL POLICY

C&I LEASING PLC is very conscious of her interest to conserve the eco-system. It is therefore a basic priority that all her operations be conducted in a manner which ensures optimum protection of the environment.

It is therefore the policy of the company to:

- Maintain the appearance of C&I LEASING PLC premises and facilities to the highest practical standard.
- Avoid permanent harm and minimize any temporary disturbance to the local and global environment and to the quality of life of the local communities in which the company operates.
- Comply fully with all local, national and International statutory regulations.

- Take positive steps to conserve resources, particularly those that are scarce or non- renewable.
- Provide the information and training necessary to enable the company's equipment to be properly used, stored and disposed of so to avoid unnecessary effect on the environment.
- Complete periodic environmental audits of all sites to ensure compliance with and continuous improvement of operating standards.
- Assess, in advance where possible, the environmental effects of any significant new operations and plan to mitigate the Impact.
- Carry out periodic review of the company's waste management system so as to improve the effectiveness of the system in line with statutory requirements.
- Be a good and responsible corporate citizen.

BOARD EVALUATION

The Board engaged an external consultant to evaluate its performance for the 2017 financial year. The recommendations of the consultant will be implemented by the board.

RC: 1423640
TEAM NOMINEES LIMITED

2nd March, 2018

THE CHAIRMAN
Board of Directors
C&I Leasing Plc
No 2, Leasing Drive, Durosinmi-Etti Drive, Lekki Phase-One
Lagos State.

Report of the Performance of the Board of Directors of C&I Leasing Plc for the year ended 31st December, 2017.

Team Nominees Limited was engaged by the Board of Directors of C&I Leasing Plc to perform an externally facilitated evaluation exercise covering its activities and performance for the year ended 31st December 2017. The Companies and Allied Matters Act and the applicable codes of corporate governance charge the board with the responsibility of establishing and maintaining good standards of corporate governance in the company. Our responsibility as independent consultant is to express an opinion on the effectiveness of the board in the period under review and also identify areas where efforts should be focused for improvement.

We benchmarked our evaluation against the requirements of the applicable Codes of Corporate Governance and global best practices. We evaluated the Board (as a whole), the Committees, Managing Director and Chairman of the board. Our evaluation method was to administer structured questionnaires on key areas such as board composition and recruitment, strategy and planning, policies, board proceedings, monitoring and evaluation, financial control, risk management and compliance and relationship with stakeholders etc. This was complemented by a perusal of the company documents such as board charter, minute book, committees' terms of reference, board policies, attendance sheet and other relevant documents necessary for governance.

It is our opinion that in the period under review, the board performed effectively in its statutory functions to the company. It also complied substantially with the applicable codes of corporate governance. In 2017, the Board met regularly to review the financial reports and operations of the company and its subsidiaries. The board is structured in a manner that ensures a balance of skills, experience and expertise. However, we noted the absence of gender diversity in the composition of the board and recommend that changes be made. We also recommend that board development programmes should be included in the board plan for the ensuing year, as it is essential for the continued success of the business and delivery of value to the shareholders.

Our findings and recommendations are contained in our detailed report to the board.

Thank you.

Yours faithfully,
For: **Team Nominees Limited**

Chidozie Orekwu
Managing Director

INDEPENDENT AUDITORS

A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix the remuneration of the auditors, PKF Professional Services (Chartered Accountants).

Dated March 8, 2018

By Order of the Board

MBANUGO UDENZE & CO.
COMPANY SECRETARY

Audit Committee Report
to the Members of C&I Leasing Plc

In compliance with Section 359 (6) of the Companies and Allied Matters Act 2004, the Audit Committee of the Company carried out its statutory functions with respect to the Financial Statements for the year ended 31st December, 2017. We confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices and that the scope of planning of both the external and internal audit programs are extensive enough to provide a satisfactory evaluation of efficiency of the Internal Control Systems.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2017 were adequate and the management responses to the Auditors findings were satisfactory.

Dated this 7th day of March, 2018

CHRISTIE O. VINCENT-UWALAKA
FRC/2013/ICAN/00000002666
For: Audit Committee

Members of the Audit Committee

Mr. S. B. Adenrele
Mr. Femi Oduyemi
Mrs. Christie O. Vincent-Uwalaka
Mr. Jacob Kholi
Mr. Ikechukwu Duru
Mr. Omotunde Alao-Olaifa

Statement of directors’ responsibilities in relation to the preparation of consolidated financial statements for the year ended 31 December 2017

"In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Company, and of the financial performance for the year. The responsibilities include ensuring that:

(a) Appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
(b) The Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies
and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.
(c) The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
(d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Emeka Ndu
Vice Chairman
FRC/2013/ICAN/00000003955
Dated: 8 March 2017

Andrew Otike-Odibi
Managing Director
FRC/2013/ICAN/00000003945
Dated: 8 March 2017

Independent Auditor's Report to the Shareholders of C & I Leasing Plc

PKF
Accountants & business advisers

Report on the consolidated and separate financial statements Opinion

We have audited the consolidated financial statements of C & I Leasing Plc (''the Company'') and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position for the year ended 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group for the year ended 31 December 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial reporting standard in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN and other relevant Central Bank of Nigeria circular.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the year ended 31 December 2017, there are no key audit matters to communicate.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standard in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN and other relevant Central Bank of Nigeria circular and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

I) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) The Company and its subsidiaries have kept proper books of account, which are in agreement with the consolidated statement of financial position, and consolidated statement of comprehensive income as it appears from our examination of their records;

iii) The Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria, we confirm that:

iv) Related party transactions and balances are disclosed in Note 61 of the consolidated financial statements.

Najeeb A. Abdussalaam, FCA
FRC/2013/ICAN 00000000753
For: PKF Professional Services Chartered Accountants Lagos, Nigeria

Dated: 08 March 2018

Financial Statement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Assets					
Cash and balances with banks	10	**1,239,836**	983,183	**466,607**	255,259
Loans and receivables	11	**351,957**	226,512	**334,507**	226,512
Trade receivables	12	**6,584,292**	6,056,406	**5,302,008**	4,856,190
Due from related companies	12.1	**-**	-	**8,685,454**	7,768,864
Finance lease receivables	13	**1,515,030**	1,728,632	**1,508,560**	1,724,539
Available-for-sale assets	14.1	**26,180**	20,044	**26,180**	20,044
Investment in subsidiaries	15	**-**	-	**758,967**	758,967
Investment in joint ventures	16	**52,634**	-	**52,634**	-
Other assets	17	**5,021,348**	3,745,527	**4,819,250**	3,549,525
Inventories	18	**512,379**	704,737	**512,378**	704,736
Operating lease assets	19	**27,167,387**	22,521,767	**4,764,100**	5,124,241
Property, plant and equipment	20	**1,584,522**	1,479,740	**1,186,743**	1,144,951
Intangible assets	21	**15,955**	27,631	**8,855**	24,472
Current income tax assets	25.3	**55,178**	26,556	**-**	-
Deferred income tax assets	25.4	**854,607**	850,965	**854,607**	854,607
Total assets		**44,981,305**	38,371,700	**29,280,850**	27,012,907
Liabilities					
Balances due to banks	22	**1,120,306**	910,963	**1,062,622**	803,740
Commercial notes	23	**9,672,506**	7,060,371	**9,643,606**	7,337,187
Trade and other payables	24	**6,621,125**	5,300,648	**5,957,998**	4,669,794
Current income tax liability	25.2	**139,275**	102,392	**139,275**	102,393
Borrowings	26	**18,125,421**	16,699,543	**6,444,123**	8,377,788
Retirement benefit obligations	27	**33,899**	37,024	**33,899**	37,024
Deferred income tax liability	25.5	**168,082**	167,732	**-**	-
Total liabilities		**35,880,614**	30,278,673	**23,281,523**	21,327,926
Equity					
Share capital	28.2	**808,505**	808,505	**808,505**	808,505
Share premium	28.3	**679,526**	679,526	**679,526**	679,526
Deposit for shares	29	**2,283,312**	2,466,012	**2,283,312**	2,466,012
Statutory reserve	30	**1,121,580**	1,039,228	**733,555**	651,203
Statutory credit reserve	31	**160,600**	626,343	**147,842**	613,585
Retained earnings	32	**1,960,108**	511,859	**657,899**	(176,753)
Foreign currency translation reserve	33	**1,126,805**	1,097,318	**-**	-
AFS fair value reserve	34	**5,288**	(848)	**5,288**	(848)
Revaluation reserve	35	**683,400**	643,246	**683,400**	643,751
		8,829,124	7,871,189	**5,999,327**	5,684,981
Non-controlling interest	36	**271,567**	221,838	**-**	-
Total equity		**9,100,691**	8,093,027	**5,999,327**	5,684,981
Total liabilities and equity		**44,981,305**	38,371,700	**29,280,850**	27,012,907

These consolidated financial statements were approved by the Board of Directors on **08 March 2018** and signed on its behalf by:

Emeka Ndu	**Andrew Otike-Odibi**	**Alexander Mbakogu**
Vice Chairman	**Managing Director**	**Executive Director/CFO**
FRC/2013/ICAN/00000003955	FRC/2013/ICAN/00000003945	FRC/2015/ICAN/00000011740

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Gross earnings		**21,371,697**	17,015,799	**16,314,946**	14,511,291
Lease income	39	**13,972,951**	9,110,756	**9,187,192**	6,734,162
Lease Expense	47	**(4,861,802)**	(2,741,266)	**(5,084,007)**	(4,316,854)
Net lease income		9,111,149	6,369,490	4,103,185	2,417,308
Outsourcing income	41	**6,230,228**	5,897,682	**6,230,228**	5,897,682
Outsourcing expenses	41	**(5,525,571)**	(5,179,863)	**(5,525,571)**	(5,179,863)
Net outsourcing income		**704,657**	717,819	**704,657**	717,819
Vehicle sales and repairs	43	**-**	386,584	**-**	386,584
Cost of sales and repairs	43.1	**-**	(345,959)	**-**	(345,959)
Net income from vehicle sales		**-**	40,625	**-**	40,625
Tracking income	44	**195,660**	388,880	**195,660**	388,880
Tracking expenses	44	**(72,591)**	(287,233)	**(72,591)**	(287,233)
Net tracking income		**123,069**	101,647	**123,069**	101,647
Interest income	45	**60,285**	8,927	**773**	8,927
Other operating income	46	**876,748**	1,222,970	**665,268**	1,095,056
Finance Cost	40	**(3,500,610)**	(2,750,118)	**(1,708,019)**	(1,503,388)
		7,375,298	5,711,360	3,888,933	2,877,994
Impairment charge	38	**(235,325)**	(604,798)	**(235,325)**	(604,798)
Depreciation expense	48	**(3,037,925)**	(2,147,560)	**(814,978)**	(556,472)
Personnel expenses	49	**(1,227,219)**	(788,638)	**(888,042)**	(714,557)
Distribution expenses	50	**(42,183)**	(20,663)	**(23,818)**	(20,663)
Other operating expenses	51	**(1,591,105)**	(1,113,477)	**(1,440,388)**	(943,122)
Share of gain from joint venture	16	**20,531**	-	**20,531**	-
Profit on continuing operations before taxation		**1,262,072**	1,036,224	**506,913**	38,382
Income tax expense	25.1	**(162,783)**	(115,357)	**(70,949)**	(48,592)
Continued operations					
Profit for the year		**1,099,289**	920,867	**435,964**	(10,210)
Profit for the year from discontinued operation	42	**15,294**	-	**15,294**	-
Profit after tax and discontinued operation		**1,114,583**	**920,867**	**451,258**	**(10,210)**
Profit attributable to:					
Owners of the parent		1,064,854	875,968	**451,258**	(10,210)
Non-controlling interests		**49,729**	44,899	**-**	-
		1,114,583	920,867	**451,258**	(10,210)
Basic earnings per share [kobo]	55	**65.85**	**54.17**	**27.91**	**(0.63)**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

C & I LEASING PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss					
Exchange difference on translation of foreign operations		**29,487**	**1,490,686**	**-**	-
Net gain on available-for-sale financial assets		**6,136**	4,665	**6,136**	4,665
Items that will not be reclassified to profit or loss					
Surplus on revaluation of property, plant and equipment		**40,154**	62,657	**39,649**	62,657
Other comprehensive income (net of tax)		**75,777**	1,558,008	**45,785**	67,322
Total comprehensive income (net of tax)		**1,190,360**	2,478,875	**497,044**	57,112
Attributable to:					
Owners of the parent		**1,140,631**	2,433,976	**497,044**	57,112
Non-controlling interest		**49,729**	44,899	**-**	-
		1,190,360	2,478,875	**497,044**	57,112

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Group

	Share capital N'000	Share premium N'000	Deposit for shares N'000	Statutory reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Non-controlling interest N'000	Total equity N'000
At 1 January 2016	808,505	679,526	2,453,528	829,325	613,725	(54,767)	(393,369)	(5,513)	581,094	176,939	5,688,993
Changes in equity for the year											
Profit for the year	-	-	-	-		875,968	-	-	-	44,899	920,867
Other comprehensive income											
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	4,665	-	-	4,665
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	62,152	-	62,152
Gain on foreign operations translation	-	-	-	-	(3,888)	-	1,490,687	-	-	-	1,486,799
Total comprehensive income for the year ended 31 December 2016	-	-	-	-	(3,888)	875,968	1,490,687	4,665	62,152	44,899	2,474,483
Transactions with owners											
Transfer between reserves	-	-	-	209,903	16,506	(226,409)	-	-	-	-	-
Exchange difference on conversion of deposit for shares	-	-	-	-	-	(82,933)	-	-	-	-	(82,933)
Dividend paid	-	-	12,484	-	-	-	-	-	-	-	12,484
	-	-	12,484	209,903	16,506	(309,342)	-	-	-	-	(70,449)
At 31 December 2016	**808,505**	**679,526**	**2,466,012**	**1,039,228**	**626,343**	**511,859**	**1,097,318**	**(848)**	**643,246**	**221,838**	**8,093,027**
At 1 January 2017	808,505	679,526	2,466,012	1,039,228	626,343	511,859	1,097,318	(848)	643,246	221,838	8,093,027
Changes in equity for the year											
Profit for the year	-	-	-	-	-	1,064,858	-	-	-	49,729	1,114,587
Other comprehensive income											
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	6,136	-	-	6,136
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	40,154	-	40,154
Gain on foreign operations translation	-	-	-	-	-	-	29,487	-	-	-	29,487
Total comprehensive income for the year	-	-	-	-	-	1,064,858	29,487	6,136	40,154	49,729	1,190,364
Transactions with owners											
Transfer between reserves	-	-	-	82,352	(465,743)	383,391	-	-	-	-	-
Exchange difference on conversion of deposit for shares	-	-	(182,700)	-	-	-	-	-	-	-	(182,700)
	-	-	(182,700)	82,352	(465,743)	383,391	-	-	-	-	(182,700)
At 31 December 2017	**808,505**	**679,526**	**2,283,312**	**1,121,580**	**160,600**	**1,960,108**	**1,126,805**	**5,288**	**683,400**	**271,567**	**9,100,691**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Company

	Share capital N'000	Share premium N'000	Deposit for shares N'000	Statutory reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Total equity N'000
At 1 January 2016	808,505	679,526	2,453,528	651,203	597,077	1,223,732	(384,323)	(5,513)	581,094	6,604,829
Changes in equity for the year										
Profit for the year	-	-	12,484	-	-	(10,210)	384,323	4,665	-	391,262
										-
Other comprehensive income										-
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	62,657	62,657
Loss on foreign currency translation	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	12,484	-	-	(10,210)	384,323	4,665	62,657	453,919
Transactions with owners										
Transfer between reserves	-	-	-		16,508	(16,508)	-			-
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	-	-
Retained arising on merger	-	-	-	-	-	(1,312,347)	-	-	-	(1,312,347)
Dividend paid during the year	-	-	-	-	-	(61,419)	-	-	-	(61,419)
Total transactions with owners	-	-	-	-	16,508	(1,390,274)	-	-	-	(1,373,766)
At 31 December 2016	**808,505**	**679,526**	**2,466,012**	**651,203**	**613,585**	**(176,752)**	**-**	**(848)**	**643,751**	**5,684,982**
At 1 January 2017	808,505	679,526	2,466,012	651,203	613,585	(176,752)	-	(848)	643,751	5,684,982
Changes in equity for the year										
Profit for the year	-	-	-	-	-	451,259	-		-	451,259
										-
Other comprehensive income										-
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	6,136	-	6,136
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	39,649	39,649
Total comprehensive income for the year	-	-	-	-	-	451,259	-	6,136	39,649	497,044
Transactions with owners										
Transfer between reserves	-	-	-	82,352	(465,743)	383,392	-	-	-	-
Exchange difference on translation	-	-	(182,700)	-	-	-		-	-	(182,700)
	-	-	(182,700)	82,352	(465,743)	383,392	-	-	-	(182,700)
At 31 December 2017	**808,505**	**679,526**	**2,283,312**	**733,555**	**147,842**	**657,899**	**-**	**5,288**	**683,400**	**5,999,327**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Cash flows from operating activities					
Cash flows generated from operating activities	52	**2,219,608**	2,477,966	**1,573,564**	(281,178)
Lease income		**13,972,952**	9,057,602	**9,187,192**	6,734,162
Outsourcing income		**6,230,228**	5,897,682	**6,230,228**	5,897,682
Interest income received		**60,284**	8,927	**773**	8,927
Vehicle sales income		**-**	386,584	**-**	386,584
Tracking and tagging income		**195,660**	388,880	**195,660**	388,880
Other income received		**1,456,739**	(137,344)	**521,592**	(209,996)
Investment income received		**2,634**	7,125	**2,634**	7,125
Retirement benefit obligations paid		**(711,950)**	(680,474)	**(711,948)**	(498,330)
Cash payment to employees and suppliers		**(13,343,517)**	(10,169,188)	**(12,945,698)**	(11,500,356)
Income tax paid		**(128,325)**	(394,892)	**47,104**	(88,416)
Net cash provided by operating activities		**9,954,313**	6,842,868	**4,101,101**	845,084
Cash flows from investing activities					
Proceeds from sale of operating lease assets		**40,402**	121,681	**-**	22,530
Proceeds from sale of Property, Plant and Equipment		**89,852**	4,877	**-**	2,125
Purchase of operating lease assets	19	**(7,762,176)**	(5,741,808)	**(470,458)**	(542,910)
Purchase of property, plant and equipment	20	**(223,507)**	(95,391)	**(36,494)**	(51,636)
Acquisition of intangible assets	21	**(6,329)**	(21,231)	**-**	(6,100)
Net cash used in investing activities		**(7,861,758)**	(5,731,872)	**(506,952)**	(575,991)
Cash flows from financing activities					
Dividend paid		**-**	(82,930)	**-**	(61,419)
Finance Cost		**(3,500,610)**	(2,750,118)	**(1,708,019)**	(1,503,388)
Proceeds from borrowings		**2,344,528**	3,342,586	**-**	1,089,942
Repayment of borrowings		**(918,650)**	-	**(1,933,665)**	(323,117)
Deposit for shares		**-**	-	**-**	-
Net cash used in financing activities		**(2,074,732)**	509,538	**(3,641,684)**	(797,982)
Increase/(decrease) in cash and cash equivalents		**17,823**	1,620,534	**(47,535)**	(528,889)
Cash and cash equivalents at the beginning of the year		**72,220**	699,022	**(548,481)**	(19,592)
Effect of exchange rate fluctuations		**29,487**	(2,247,336)	**-**	-
Cash and cash equivalents at the end of the year	37	**119,530**	72,220	**(596,016)**	(548,481)

The accompanying notes are an integral part of these consolidated financial statements.

1. The reporting entity

These financial statements comprise the consolidated financial statements of C & I Leasing Plc (referred to as "the company" and its subsidiaries (referred to as "the group"). The Company was incorporated on 28 December 1990 and commenced business in June 1991. The Company was licensed by the Central Bank of Nigeria (CBN) as a finance company and is owned by a number of institutional and individuals investors. The Company's shares were listed on the Nigerian Stock Exchange (NSE) in December 1997. The Company is regulated by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE); in addition, the Company renders annual returns to the Corporate Affairs Commission (CAC). As at period end, the Company has two subsidiary companies namely:

- Leasafric Ghana Limited
- EPIC International FZE, United Arab Emirates

The Registered office address of the company is at C & I Leasing Drive, Off Bisola Durosinmi Etti Drive, Lekki Phase 1, Lagos, Nigeria.

The principal activities of the Group are provision of equipment leasing, logistics solution in the form of car and marine vessel rentals, fleet management and automobile distribution through its main operating entity and its subsidiaries.

These consolidated financial statements cover the financial year from 1 January 2017 to 31 December 2017.

The consolidated financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 8 March 2018.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The Group's consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements comprise of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes to the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in Naira, which is the functional currency of the Company, and the presentational currency for the Group's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December, 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date in which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.5 Summary of Standards and Interpretations effective for the first time

a. Amendments to IFRS 12 Disclosure of Interests in Other Entities

This amendment clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in para-graphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations.

b. Amendments to IFRS for SMEs

Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;

- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized);
- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

c. Amendments to IAS 7 Statement of Cash Flows

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

d. Amendments to IAS 12 Income Taxes

Amends to recog-ni-tion of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.6 New standards, amendments and interpretations issued but not yet

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

2.6.1 Amendments effective from annual periods beginning on or after 1 January 2017

a. Amendments to IFRS 12 Disclosure of Interests in Other Entities

This amendment clarifies the scope of the standard by specifying that the dis-closure requirements in the standard, except for those in para-graphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

b. Amendments to IFRS for SMEs

Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;
- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized);
- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

c. Amendments to IAS7 Statement of Cash Flows

This amendment to IAS 7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

d. Amendments to IAS 12 Income Taxes

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.6.2 Amendments effective from annual periods beginning on or after 1 January 2018

a. Amendments to IFRS 2 Share-based Payment

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

b. Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts

provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

c Amendments to IFRS 15 'Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts - Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

d. Amendments to IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-

financial risk exposures

- Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

e. Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

f. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

g. Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

2.6.3 Amendments effective from annual periods beginning on or after 1 January 2019

a. IFRS 16 'Leases'

Effective for an annual periods beginning on or after 1 January 2019:

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash

flows of the lessee.

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:

a) IAS 17 Leases;
b) IFRIC 4 Determining whether an Arrangement contains a Lease;
c) SIC-15 Operating Leases - Incentives; and
d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2.6.4 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

a. Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

b. Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associ-ates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

3.1 Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control.

Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usually present when an entity has:

- Power over more than one-half of the voting rights of the other entity;
- Power to govern the financial and operating policies of the other entity;
- Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- Power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date that control ceased. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its separate financial statements, the Company accounts for its investment in subsidiaries at cost.

3.2 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the invested but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group's share of changes in the net assets of the invested after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

3.3 Investments in joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

3.4 Investments in special purpose entities (SPEs)

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

3.5 Intangible assets

3.5.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in statement of profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually. Amortization periods and methods are reviewed annually and adjusted if appropriate.

3.5.2 Intangible assets generated internally

Expenditure on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized if, and only if, the following conditions apply:

- It is technically feasible to complete the asset for use by the Group
- The Group has the intention of completing the asset for either use or resale
- The Group has the ability to either use or sell the asset
- It is possible to estimate how the asset will generate income

- The Group has adequate financial, technical and other resources to develop and use the asset
- The expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit or loss in the period in which they are incurred.
The intangible assets have a useful life of 1 - 3 years.

3.6 Property, plant and equipment

3.6.1 Initial recognition

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, except for land and buildings to be reported at their revalued amount net of accummulated depreciation and/or accummulated impairment losses. Acquisition costs include the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria is satisfied.

3.6.2 Subsequent costs

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

3.6.3 Depreciation

Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work-in-progress) are not depreciated.
Depreciation on property, plant and equipment and operating lease assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles/autos and trucks	25%
Office equipment	20%
Marine equipment	5%
Leased assets	20%
Cranes	10%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

3.6.4 Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the statement of profit or loss as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.6.5 Reclassifications

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in statement of profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized immediately in statement of profit or loss.

3.7 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property. Investment property comprises freehold land and building and is recognised at fair value. 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 discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the statement of profit or loss.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the Group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the statement of profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of profit or loss.

3.8 Discontinued operations and non-current assets held for sale

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.10 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

Impairment losses recognised in prior periods 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 amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of goodwill is not reversed.

3.11. Financial instruments

3.11.1 Financial assets

i. Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

3.11.1.1 Financial assets 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.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:

Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

3.11.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

3.11.1.3 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management

has the positive intention and ability to hold to maturity, other than:
• those that the Group upon initial recognition designates as at fair value through profit or loss; • those that the Group designates as available for sale; and • Those that meet the definition of loans and receivables.
Interests on held-to-maturity investments are included in the statement of profit or loss and are reported as 'Interest income'. In the case of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the statement of profit or loss as 'Net gains/(losses) on investment securities'.

3.11.1.4 Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be 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 or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

ii. Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset.
Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.
Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, except when there is insufficient information at transition date, when it is carried at book values.
Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss when the Group's right to receive payments is established; both are included in the investment income line.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The quoted market price used for financial assets held by the Group is the current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

iii. Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

iv. Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.11.2 Financial liabilities

The Group's financial liabilities as at statement of financial position date include 'Borrowings' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.11.2.1 Interest-bearing borrowings

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest method; any difference between proceeds and the redemption value is recognised in the statement of profit or loss over the period of the borrowing using the effective interest method.

3.11.3 Impairment of financial assets

3.11.3.1 Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;

- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
- adverse changes in the payment status of issuers or debtors in the Group; or
- national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the loss is recognised in the statement of profit or loss. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the impairment account. The amount of the reversal is recognised in the statement of profit or loss.

3.11.3.2 Assets classified as available-for-sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

3.11.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as noncurrent assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

3.13 Cash and cash equivalents

Cash equivalents comprises short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of preparing the statement of cash flows, cash and cash equivalents are reported net of balances due to banks.

3.14 Leases

Leases are divided into finance leases and operating leases.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.14.1 The Group is the lessor

3.14.1.1 Operating leases

When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

3.14.1.2 Finance leases

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3.14.2 The Group is the lessee

3.14.2.1 Finance leases

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.

The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

3.14.2.2 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

3.15 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.17 Retirement benefits

3.17.1 Defined contribution plan

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

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employees contribution of 8% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes 10% to make a total contribution of 18% of the total emoluments as required by the Pension Reform Act 2004. The Company's contribution to the pension's scheme is charged to the profit or loss account.

3.17.2 Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.17.3 Short term employee benefits

These 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.

3.18 Taxation

3.18.1 Current income tax

The tax expense for the period comprises current and deferred taxes. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred income tax

Deferred income tax is recognised in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the statement of profit or loss together with the deferred gain or loss on disposal.

3.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.19.1 Warranty

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

3.19.2 Restructuring

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

3.19.3 Onerous contract

Provision for onerous contracts is recognized when the expected benefit to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

3.20 Equity instruments

Equity instruments issued by the Group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any of the entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

3.21 Compound financial instruments

At the issue date, the fair value of the liability component of a compound financial instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

3.22 Share-based payments

Employee share options are measured at fair value at grant date. The fair value is expensed on a straight-line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

3.23 Revenue recognition

This relates to the provision of service or sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

3.23.1 Income from operating leases

Lease income from operating leases is recognised in statement of profit or loss on a straight-line basis over the lease term on a systematic basis which is representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred by the company in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of penalty is recognised in statement of profit or loss in the period in which termination takes place.

3.23.2 Income from finance leases

The recognition of income from finance lease is based on a pattern reflecting a constant periodic rate of return on Company's net investment in the finance lease. The Company therefore allocates finance income over the lease term on a systematic and rational basis reflecting this pattern. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

3.23.3 Personnel outsourcing income

The Group is involved with outsourcing contracts in which human capital of varying skills are outsourced to various organisations. The Group pays the remuneration of such personnel on a monthly basis and invoice the clients costs incurred plus a margin. As costs and income associated with this service can be estimated reliably and service completed.

3.23.4 Service charge income

This represents charges for other services rendered to finance lease customers. The services are rendered periodically on a monthly basis and income is recognised when all the followings are satisfied:

i. The amount of revenue can be measured reliably

ii. It is probable that the economic benefits associated with the transaction will flow to the group

iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably and iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3.23.5 Interest income

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

3.23.6 Rental income

Rental income is recognized on an accrued basis.

3.23.7 Realised gains and losses

The realised gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and it original or amortised costs as appropriate.

3.24 Foreign currency translation

3.24.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the Group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign

currency borrowings which are regarded as adjustments to interest costs;
where those interest costs qualify for capitalization to assets under construction;

- Exchange differences on transactions entered into to hedge foreign currency risks;
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.24.2 Foreign operations

The functional currency of the parent Company and the presentation currency of the financial statements is the Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

4. Segment reporting

The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, the Company's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer group and business activity by geographical region.

A segment is a distinguishable component of the group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

5. Critical accounting estimates and judgement

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the statement of profit or loss in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial statements are discussed below:

5.1 Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.2 Determination of impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

5.3 Depreciable life of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment and will have an impact on the carrying value of these items.

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6. Financial instruments and fair values

As explained in Note 3.11, financial instruments have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognised in either through the statement of profit or loss or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the statement of profit or loss. Therefore, the financial instruments carried in the statement of financial position are shown based on their classifications in the table below:

6.1 Classes of financial instruments

Group

	Financial assets			Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Available-for-sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	Total carrying amount N'000
At 31 December 2017						
Assets						
Cash and balances with banks	1,239,836	-	-	-	-	1,239,836
Loans and receivables	-	351,957	-	-	-	351,957
Finance lease receivables	-	1,515,031	-	-	-	1,515,031
Available-for-sale assets	-	-	26,180	-	-	26,180
Trade and other receivables	-	6,584,292	-	-	-	6,584,292
Other assets	-	5,021,350	-	-	-	5,021,350
	1,239,836	**13,472,629**	**26,180**	**-**	**-**	**14,738,644**
Liabilities						
Balances due to banks	-	-	-	1,120,306	-	1,120,306
Borrowings	-	-	-	-	18,125,421	18,125,421
Trade payables	-	-	-	-	6,621,123	6,621,123
	-	**-**	**-**	**1,120,306**	**24,746,545**	**25,866,850**

	Financial assets			Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Available-for-sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	Total carrying amount N'000
At 31 December 2016						
Assets						
Cash and balances with banks	983,183	-	-	-	-	983,183
Loans and receivables	-	226,512	-	-	-	226,512
Finance lease receivables	-	1,728,632	-	-	-	1,728,632
Available-for-sale assets	-	-	20,044	-	-	20,044
Trade and other receivables	-	6,056,406	-	-	-	6,056,406
	983,183	**8,011,550**	**20,044**	**-**	**-**	**9,014,777**
Liabilities						
Balances due to banks	-	-	-	910,963	-	910,963
Borrowings	-	-	-	-	16,699,543	16,699,543
Trade and other payables	-	-	-	-	5,300,648	5,300,648
Other liabilities	-	-	-	-	-	-
	-	**-**	**-**	**910,963**	**22,000,191**	**22,911,154**

Company

	Financial assets			Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Available-for-sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	Total carrying amount N'000
At 31 December 2017						
Assets						
Cash and balances with banks	466,607	-	-	-	-	466,607
Loans and receivables	-	334,507	-	-	-	334,507
Finance lease receivables	-	1,508,561	-	-	-	1,508,561
Available-for-sale assets	-	-	26,180	-	-	26,180
Trade and other receivables	-	5,302,008	-	-	-	5,302,008
Other assets	-	4,819,249	-	-	-	4,819,249
	466,607	**11,964,324**	**26,180**	**-**	**-**	**12,457,112**
Liabilities						
Balances due to banks	-	-	-	1,062,623	-	1,062,623
Borrowings	-	-	-	-	6,444,123	6,444,123
Trade and other payables	-	-	-	-	-	-
	-	**-**	**-**	**1,062,623**	**6,444,123**	**7,506,746**
At 31 December 2016						
Assets						
Cash and balances with banks	255,259	-	-	-	-	255,259
Loans and receivables	-	226,512	-	-	-	226,512
Finance lease receivables	-	1,724,539	-	-	-	1,724,539
Available-for-sale assets	-	-	20,044	-	-	20,044
Trade and other receivables	-	4,856,191	-	-	-	4,856,191
Other assets	-	3,549,525	-	-	-	3,549,525
	255,259	**10,356,767**	**20,044**	**-**	**-**	**10,632,070**
Liabilities						
Balances due to banks	-	-	-	803,740	-	803,740
Borrowings	-	-	-	-	8,377,788	8,377,788
Trade and other payables	-	-	-	-	4,669,794	4,669,794
	-	**-**	**-**	**803,740**	**13,047,582**	**13,851,322**

6.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains recognised in a separate component of equity at the end of the reporting period.

The fair value of financial assets and liabilities at amortized cost.

6.3 Fair value measurements recognised in the statement of financial position

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value.

6.3 Fair value measurements recognised in the statement of financial position (cont'd.)

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group maintains quoted investments in the companies listed in Note 14 and were valued at **N26,180,000** (December 2016: N20,044,000) which are categorised as **level 1,** because the securities are listed, however, there are no financial instruments in the level 2 and 3 categories for the year.

7. Capital management

In management of the Group capital, the Group's approach is driven by its strategy and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier 1 capital including ordinary shares, statutory reserve, share premium and retained earnings, intangible assets, and
- Tier 2 capital: qualifying convertible loan capital, preference shares, collective impairment allowances, non-controlling interest and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The Central Bank of Nigeria prescribed a minimum limit of 12.5% of total qualifying capital/total risk-weighted assets as a measure of capital adequacy of finance companies in Nigeria. Furthermore, a finance company is expected to maintain a ratio of not less than 1:10 between its capital funds and net credits. Total qualifying capital consists of tier 1 and 2 capital less investments in unconsolidated subsidiaries and associates. The total risk-weighted assets reflects

The Group achieved capital adequacy ratio of 21% at the end of the year, compared to 22% recorded for the year ended 31 December, 2016.

The table below summarises the composition of regulatory capital and the ratios of the Group for the period presented below. During the period, the individual entities with the Group and the Group complied with all the externally imposed capital requirements to which they are subject.

	Group	
	31-Dec-17	31-Dec-16
	N'000	N'000
Tier 1 capital		
Share capital	**808,505**	808,505
Share premium	**679,526**	679,526
Statutory reserve	**1,121,580**	1,039,228
Retained earnings	**1,960,107**	511,859
Total qualifying for tier 1 capital	**4,569,719**	3,039,118
Tier 2 capital		
Deposit for shares	**2,283,312**	2,466,012
Statutory credit reserve	**160,600**	626,343
Exchange translation reserve	**1,126,805**	1,097,318
AFS fair value reserve	**5,288**	(848)
Revaluation reserve	**683,400**	643,246
Total qualifying for tier 2 capital	**4,259,405**	4,832,071
Total regulatory capital	**8,829,123**	7,871,189
Risk-weighted assets		
On balance sheet	**42,815,729**	36,483,365
Total risk weighted assets	**42,815,729**	36,483,365
Risk-weighted Capital Adequacy Ratio (CAR)	**21%**	22%

8. Risk management framework

The primary objective of Group's risk management framework is to protect the Group's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit Unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

The Group's principal significant risks are assessed and mitigated under three broad headings:
Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arose from the Group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inablity to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the Group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the Group’s risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group’s identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

8.1 Strategic risks

Capital management policies, objectives and approach.
The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by the Group:

- To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requiremen
- To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and s

The Company's operations are subject to regulatory requirements of Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE). In addition, annual returns must be submitted to Corporate Affairs Commission (CAC) on a regular basis.

8.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group’s operations.

The Group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

— - requirements for appropriate segregation of duties, including independent authorisation of transactions.
— - requirements for the reconciliation and monitoring of transactions.
— - compliance with regulatory and other legal requirements.
— - documentation of controls and procedures.
— - training and professional development.
— - ethical and business standards.

8.3 Financial risks

The Group's operations exposes it to a number of financial risks. Adequate risk management procedures have been established to protect the Group against the potential adverse effects of these financial risks. There has been no material change in these financial risks since the prior year. The following are the risks the Group is exposed to due to financial instruments:

Credit risks
Liquidity risks
Market risks

8.3.1 Credit risks

Credit risks arise from a customer delay or outright default of lease rentals; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

The Group has policies in place to mitigate its credit risks.

The Group's risk management policy sets out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The carrying amount of the Group's financial instruments represents the maximum exposure to credit risk.

Exposure to risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Group	
	2017	2016
	N'000	N'000
Financial assets		
Cash and balances with banks	**1,239,836**	983,183
Loans and receivables	**351,957**	226,512
Finance lease receivables	**1,515,031**	1,728,632
Available-for-sale assets	**26,180**	20,044
Trade and other receivables	**6,584,292**	6,056,406
Other assets	**5,021,350**	3,745,527
	14,738,644	12,760,304

	Company	
	2017	2016
	N'000	N'000
Financial assets		
Cash and balances with banks	**466,607**	255,259
Loans and receivables	**334,507**	226,512
Finance lease receivables	**1,508,561**	1,724,539
Available-for-sale assets	**26,180**	20,044
Trade and other receivables	**5,302,008**	4,856,191
Other assets	**4,819,249**	3,549,525
	12,457,112	10,632,070

8.3.2 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group maintains sufficient amount of cash for its operations. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Operations Committee has primary responsibility for compliance with regulations and company policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Group's assets are funded by borrowings from financial institutions. These borrowings, which are widely diversified by type and maturity, represent a stable source of funds.

8.3.2 Liquidity risks

Below is the contractual maturities of financial liabilities in Nigerian Naira presented in the consolidated financial statements.

	Group		
	Current N'000	Non-current N'000	Total N'000
31 December 2017			
Balances due to banks	1,120,306	-	1,120,306
Borrowings	4,838,382	13,287,039	18,125,421
Trade and other payables	6,621,123	-	6,621,123
	12,579,811	13,287,039	25,866,850
31 December 2016			
Balances due to banks	910,963	-	910,963
Borrowings	4,499,285	12,200,257	16,699,542
Trade and other payables	5,300,648	-	5,300,648
	10,710,896	12,200,257	22,911,153

	Company		
	Current N'000	Non-current N'000	Total N'000
31 December 2017			
Balances due to banks	1,062,623	-	1,062,623
Borrowings	2,180,874	4,263,250	6,444,123
Other liabilities	5,957,997	-	5,957,997
	9,201,494	**4,263,250**	**13,464,743**
31 December 2016			
Balances due to banks	803,740	-	803,740
Borrowings	3,611,042	4,766,746	8,377,788
Trade and other payables	4,669,794	-	4,669,794
	9,084,576	**4,766,746**	**13,851,322**

The Group's focus on the maturity analysis of its financial liabilities is as stated above, the Group classifies its financial liabilities into those due within one year (current) and those due after one year (non-current).

The contractual cash flows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

The financial liabilities affected by discounting are the long term borrowings (including the current portion), all other financial liabilities stated are assumed to approximate their carrying values due to their short term nature and are therefore not discounted.

8.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

8.3.4 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of its foreign subsidiary as well as foreign borrowings (usually denominated in US Dollars).

The Group’s principal transactions are carried out in Naira and its financial assets are primarily denominated in Nigerian Naira, except for its subsidiaries - Leasafric Ghana Limited and EPIC International FZE, U.A.E.; whose transactions are denominated in Ghanaian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in the year as a result of translation has been recognised in the statement of other comprehensive income.

The Group foreign currency risk exposure arises also from long term borrowings from Aureos Africa LLC denominated in United States Dollar. The borrowings have the option of being convertible at the end of the tenor, and as such the impact of fluctuations in these commitments on the financial statements as a whole are considered minimal and reasonable as a result of the stable market.

8.3.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used by the Group. Interest-bearing assets comprise cash and cash equivalents and loans to subsidiaries which are considered short-term liquid assets. The Group's interest rate liability risk arises primarily from borrowings issued at variable interest rates which exposes the Group to cash flow interest rate risk. It is the Group's policy to settle trade payables within the credit limit terms allowed, thereby not incurring interest on overdue balances. Borrowings are sourced from both local and foreign financial markets,

The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

8.3.6 Market price risk

Investments by the Group in available-for-sale financial assets expose the Group to market (equity) price risk. The impact of this risk on the Group's financial statements is considered positive because of the continuous increase and stability in value of equities in the past few years. All other gains and losses due to increase and decrease in market prices were recorded in the fair value reserve through statement of other comprehensive income.

9. Statement of prudential adjustment

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for financial institutions in Nigeria stipulates that financial institutions would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Other Financial Institutions would be required to comply with the following:

a. Provisions for loans recognised in the profit or loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained earnings account to a "statutory credit reserve."
- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of profit or loss. The cumulative balance in the statutory credit reserve is thereafter reversed to the retained earnings account.

b. The non-distributable reserve should be classified under equity as part of the core capital.

During the year ended 31 December 2017, the Company transferred N465,743 (31 December 2016 : N613,538,000) to the statutory credit reserve. This is because, the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN), is higher than the impairment allowance as determined in line with IAS 39 as at the period then ended.

In line with the same directive of the CBN, the Company has reconciled the statutory credit reserve as at 31 December 2017, by comparing the provision and impairment as determined under both bases. A reconciliation of this amount is provided below:

	2017	2016
	N'000	N'000
Company		
Total IFRS impairment losses	**812,191**	1,493,735
Prudential provisions	**(960,033)**	(2,107,317)
Transfer to statutory credit reserve	**(147,842)**	(613,582)
Analysis of the IFRS impairment losses		
Finance lease receivables (Note 38.1)	**15,821**	17,419
Lease rental due (Note 38.1)	**38,119**	468,042
Loans and receivables (Note 38.1)	**3,004**	4,095
Trade and other receivables (Note 38.1)	**703,175**	1,004,176
Inventories	**52,073**	-
Total IFRS impairment losses	**812,191**	**1,493,732**
Analysis of provision for loan losses per prudential guidelines		
Finance lease receivables	**15,238**	19,485
Lease rental due	**30,533**	405,954
Loans and advances	**2,423**	4,447
Trade and other receivables	**859,766**	1,668,691
Inventories	**52,073**	8,740
Total prudential provision for losses	**960,033**	2,107,317

		Group		**Company**	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
10.	**Cash and bank balances**				
	Cash in hand	**15,662**	10,359	**15,480**	9,664
	Bank balances	**1,224,174**	312,613	**451,127**	245,595
	Placement with banks	**-**	660,211	**-**	-
		1,239,836	**983,183**	**466,607**	**255,259**
11.	**Loans and receivables**				
	Lease rental due	**342,709**	607,033	**342,709**	607,033
	Loans and advances	**50,371**	91,615	**32,921**	91,615
		393,080	**698,648**	**375,630**	**698,648**
	Impairment allowance (Note 11.3)	**(41,123)**	(472,136)	**(41,123)**	(472,136)
		351,957	**226,512**	**334,507**	**226,512**
11.1	**Analysis of loans and receivables by security**				
	Secured	**-**	-	**-**	-
	Otherwise secured	**393,080**	698,648	**375,630**	698,648
		393,080	698,648	**375,630**	698,648
11.2	**Loans and receivables are further analysed as follows:**				
	Less than one year	**351,595**	412,426	**351,595**	408,760
	More than one year and less than five years	**41,485**	286,222	**24,035**	289,888
	More than five years	**-**	-	**-**	-
		393,080	**698,648**	**375,630**	**698,648**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
11.3	**Impairment allowance on loans and receivables**				
	Lease rental due	**38,118**	468,041	**38,118**	468,041
	Loans and advances	**3,005**	4,095	**3,005**	4,095
		41,123	**472,136**	**41,123**	**472,136**
11.4	**Analysis of impairment allowance - Lease rental due**				
	Specific impairment	**958**	430,881	**958**	430,881
	Collective impairment	**37,160**	37,160	**37,160**	37,160
		38,118	**468,041**	**38,118**	**468,041**
11.4.1	**Movement in impairment allowance - Lease rental due**				
	At the beginning	**468,042**	206,221	**468,042**	206,221
	Charge for the year	**19,104**	261,821	**19,104**	261,821
	Written off	**(449,028)**	-	**(449,028)**	-
	At the end	**38,118**	**468,042**	**38,118**	**468,042**
11.5	**Analysis of impairment allowance - Loans and advances**				
	Specific impairment	**3,005**	4,095	**3,005**	4,095
	Collective impairment	**-**	**-**	**-**	**-**
		3,005	4,095	**3,005**	4,095
11.5.1	**Movement in impairment allowance - Loans and advances**				
	At the beginning	**4,095**	4,095	**4,095**	4,095
	Written off	**(1,090)**	-	**(1,090)**	-
	At the end	**3,005**	**4,095**	**3,005**	**4,095**
12.	**Trade and other receivables**				
	Trade receivables	**16,805**	32,816	**461,486**	32,816
	Operating lease service receivables	**6,628,385**	6,331,864	**5,349,664**	5,131,648
	Account receivables	**642,277**	695,904	**194,033**	695,904
		7,287,467	**7,060,584**	**6,005,183**	**5,860,368**
	Impairment allowance	**(703,175)**	(1,004,178)	**(703,175)**	(1,004,178)
		6,584,292	**6,056,406**	**5,302,008**	**4,856,190**
12.1	**Amount due from related companies**				
	Leasafric Ghana Limited	**-**	-	**52,745**	16,351
	EPIC International FZE, United Arab Emirates	**-**	-	**8,632,709**	7,752,513
		-	-	**8,685,454**	**7,768,864**
	Impairment allowance	**-**	-	-	-
		-	-	**8,685,454**	**7,768,864**
12.2	**Analysis of impairment allowance on trade & other receivables**				
	Specific impairment	**586,431**	887,434	**586,431**	887,434
	Collective impairment	**116,744**	116,742	**116,744**	116,744
		703,175	**1,004,176**	**703,175**	**1,004,178**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
12.2.1	**Movement in impairment allowance on trade & other receivables**				
	At the beginning	**1,004,178**	550,876	**1,004,178**	628,764
	Charge for the year	**174,485**	-	**174,485**	375,414
	Write-off	**(475,488)**	453,302	**(475,488)**	-
	At the end	**703,175**	**1,004,178**	**703,175**	**1,004,178**
13.	**Finance lease receivables**				
	Gross finance lease receivable	**3,492,249**	4,412,397	**3,485,779**	4,408,303
	Unearned lease interest/maintenance	**(1,961,981)**	(2,666,346)	**(1,961,981)**	(2,666,345)
	Net investment in finance lease	**1,530,268**	**1,746,051**	**1,523,798**	**1,741,958**
	Impairment allowance (Note 13.4)	**(15,238)**	(17,419)	**(15,238)**	(17,419)
		1,515,030	**1,728,632**	**1,508,560**	**1,724,539**

13.1 Included in unearned lease interest/maintenance is deferred maintenance charge.
Deferred maintenance charge relates to estimate for maintenance obligations on fleet managements under finance lease arrangement. The reimbursements are included in finance lease receivables from customers, while the maintenance charge is recognised in the statement of profit or loss over the tenor of the fleet management contracts.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
13.2	**The net investment in finance lease may be analysed as follows:**				
	Less than one year	**1,193,574**	1,445,226	**1,304,955**	1,601,367
	More than one year and less than five years	**336,694**	300,825	**218,844**	140,591
	More than five years	**-**	-	**-**	-
		1,530,268	**1,746,051**	**1,523,799**	**1,741,958**
13.3	**Analysis into current portion and non-current portion**				
	Current portion	**1,193,574**	1,445,226	**1,304,955**	1,601,367
	Non-current portion	**336,694**	300,825	**218,844**	140,591
		1,530,268	**1,746,051**	**1,523,799**	**1,741,958**
13.4	**Analysis of impairment allowance - Finance lease receivables**				
	Specific impairment	-	**-**	**-**	-
	Collective impairment	**15,238**	17,419	**15,238**	17,419
		15,238	**17,419**	**15,238**	**17,419**
13.4.1	**Movement in impairment allowance - Finance lease receivables**				
	At the beginning	**17,419**	72,395	**17,419**	19,385
	Provision no longer required	**(1,598)**	(1,966)	**(1,598)**	(1,966)
	Written-off in the year	**(583)**	(53,010)	**(583)**	-
	At the end	**15,238**	**17,419**	**15,238**	**17,419**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
14.	**Available-for-sale assets**				
14.1	Listed and unlisted equities - at fair value				
	Diamond Bank Plc (GDR)	**23,925**	23,925	**23,925**	23,925
	First Bank of Nigeria Ltd	**16,500**	16,500	**16,500**	16,500
	Fidelity Bank Plc	**12,000**	12,000	**12,000**	12,000
		52,425	**52,425**	**52,425**	**52,425**
	Diminution (Note 14.2)	**(26,245)**	(32,381)	**(26,245)**	(32,381)
		26,180	**20,044**	**26,180**	**20,044**
14.2	**Movement in dimunition**				
	At the beginning	**32,381**	-	**32,381**	-
	Charge/(write-back)	**(6,136)**	32,381	**(6,136)**	32,381
	At the end	**26,245**	**32,381**	**26,245**	**32,381**
15.	**Investment in subsidiaries**				
	Leasafric Ghana Limited	**-**	**-**	**754,736**	754,736
	EPIC International FZE, United Arab Emirates	**-**	**-**	**4,231**	4,231
		-	**-**	**758,967**	**758,967**

15.1 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	**Principal activity**	**Country of incorporation**	**Percentage held**	**Statutory year end**
Leasafric Ghana Limited (Note 15.1.1)	Leasing	Ghana	70.89%	31 December
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.2)	Trading in ships and boats	United Arab Emirates	100%	31 December

15.1.1 Leasafric Ghana Limited

Leasafric Ghana Limited is a company incorporated in Ghana under the Companies Code, 1963 (Act 179) of Ghana as a Ghanaian company authorised by the Bank of Ghana to provide leasing business. The requisite approval for C&I Leasing Plc investment in Leasafric Ghana Limited was obtained from the Central Bank of Nigeria.

15.1.2 EPIC International FZE, U.A.E.

EPIC International FZE, Ras Al khaimah United Arab Emirates (U.A.E.) was incorporated on 15 June 2011 as a Free Zone Establishment (FZE) under a Commercial License #5006480 issued by the Ras Al Khaimah Free Trade Zone, Ras Al Khaimah, U.A.E. The Company is registered under UAE Federal Law No. (8) of 1984 and 1988 as amended. The licensed activities of the Company is trading in ships and boats, its parts, components and automobile.

15.2 Condensed results of consolidated entities

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 15.2.1.
The C&I Leasing Group in the condensed results includes the results of the under listed entities:
C&I Leasing Plc
Leasafric Ghana Limited
EPIC International FZE, U.A.E.

15.2.1 Condensed results of consolidated entities

31 December 2017

	Parent - C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Condensed statement of profit or loss						
Gross earnings	**16,314,946**	**3,801,857**	**2,775,324**	**22,892,128**	**(1,520,429)**	**21,371,699**
Net operating income	3,888,934	2,231,469	1,254,897	7,375,300	-	7,375,300
Impairment charge	(235,325)	-	-	(235,325)	-	(235,325)
Depreciation expense	(807,288)	(1,451,762)	(759,342)	(3,018,392)	-	(3,018,392)
Personnel expenses	(888,043)	(339,175)	-	(1,227,219)	-	(1,227,219)
Distribution costs	(23,818)	(18,366)	-	(42,183)	-	(42,183)
Other operating expenses	(1,448,078)	(159,501)	(3,059)	(1,610,637)	-	(1,610,637)
Share of profit from joint venture	20,531	-	-	20,531	-	20,531
Profit from discontinued Operation	15,294	-	-	15,294	-	15,294
Profit before tax	522,207	262,665	492,496	1,277,369	-	1,277,369
Income tax expense	(70,949)	(91,834)	-	(162,783)	-	(162,783)
Profit after tax	**451,258**	**170,831**	**492,496**	**1,114,586**	**-**	**1,114,586**

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FOR THE YEAR ENDED 31 DECEMBER 2017

31 December 2017
Condensed statement of financial position

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Assets						
Cash and balances with banks	466,607	655,172	118,057	1,239,836	-	1,239,836
Loans and receivables	334,507	17,450	-	351,957	-	351,957
Trade and other receivables	5,302,008	1,622,534	-	6,924,542	(340,250)	6,584,292
Due from related parties	8,685,454	-	(8,685,885)	(431)	431	-
Finance lease receivables	1,508,560	6,470	-	1,515,030	-	1,515,030
Available-for-sale financial assets	26,180	-	-	26,180	-	26,180
Investment in subsidiaries	758,967	-	-	758,967	(758,967)	-
Investment in joint ventures	52,634	-	-	52,634	-	52,634
Other assets	4,819,250	202,098	-	5,021,348	-	5,021,348
Inventory	512,378	-	-	512,378	-	512,378
Operating lease assets	4,764,100	3,037,244	19,366,044	27,167,388	-	27,167,388
Property, plant and equipment	1,186,743	397,779	-	1,584,522	-	1,584,522
Intangible assets	8,855	7,094	6	15,955	-	15,955
Current income tax assets	-	55,178	-	55,178	-	55,178
Deferred income tax assets	854,607	-	-	854,607	-	854,607
Total assets	**29,280,850**	**6,001,019**	**10,798,222**	**46,080,091**	**(1,098,786)**	**44,981,305**
Liabilities and equity						
Balances due to banks	1,062,622	57,684	-	1,120,306		1,120,306
Commercial notes	9,643,606	28,900	-	9,672,506	-	9,672,506
Trade and other payables	5,957,998	324,179	338,948	6,621,125	-	6,621,125
Current income tax liability	139,275	-	-	139,275	-	139,275
Borrowings	6,444,123	3,798,690	8,230,420	18,473,233	(347,812)	18,125,421
Retirement benefit obligations	33,899	-	-	33,899	-	33,899
Deferred income tax liability	-	168,082	-	168,082	-	168,082
Equity and reserves	5,999,327	1,623,482	2,228,855	9,851,664	(750,973)	9,100,691
Total liabilities and equity	**29,280,850**	**6,001,017**	**10,798,223**	**46,080,090**	**(1,098,785)**	**44,981,305**

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2016

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Condensed statement of profit or loss						
Gross earnings	**14,511,291**	**2,504,507**	**2,275,966**	**19,291,765**	**(2,275,966)**	**17,015,799**
Net operating income/(loss)	2,877,994	1,684,262	1,149,107	5,711,363	-	5,711,363
Impairment charge	(604,798)	-	-	(604,798)	-	(604,798)
Depreciation and amortisation	(556,472)	(1,225,619)	(365,469)	(2,147,560)	-	(2,147,560)
Personnel expenses	(714,557)	(74,081)	-	(788,638)	-	(788,638)
Distribution costs	(20,663)	-	-	(20,663)	-	(20,663)
Other operating expenses	(943,122)	(168,130)	(2,225)	(1,113,477)	-	(1,113,477)
Profit/(Loss) before tax	38,382	216,428	781,411	1,036,227	-	1,036,227
Income tax expense	(48,592)	(66,764)	-	(115,356)	-	(115,360)
Profit/(Loss) after tax	**(10,210)**	**149,664**	**781,411**	**920,871**	**-**	**920,867**

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2016

Condensed statement of financial position

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Assets						
Cash and balances with banks	255,259	723,018	4,906	983,183	-	983,183
Loans and receivables	226,512	-	-	226,512	-	226,512
Trade and other receivables	16,527,685	1,187,326	(7,752,512)	9,962,499	175	9,962,674
Finance lease receivables	1,724,539	4,093	-	1,728,632	-	1,728,632
Available-for-sale financial assets	20,044	-	-	20,044	-	20,044
Investment in subsidiaries	758,967	-	-	758,967	(758,967)	-
Other assets	122,411	192,367	-	314,778	-	314,778
Inventories	229,219	-	-	229,219	-	229,219
Operating lease assets	5,124,241	2,902,504	14,495,022	22,521,767	-	22,521,767
Property, plant and equipment	1,144,951	334,788	-	1,479,739	-	1,479,739
Intangible assets	24,472	3,120	39	27,631	-	27,631
Current income tax assets	-	26,556	-	26,556	-	26,556
Deferred income tax assets	854,607	(3,642)	-	850,965	-	850,965
Total assets	**27,012,907**	**5,370,130**	**6,747,455**	**39,130,492**	**(758,792)**	**38,371,700**
Liabilities and equity						
Balance due to banks	803,740	107,223	-	910,963	-	910,963
Commercial notes	7,337,187	35,297	-	7,372,484	(312,113)	7,060,371
Borrowings	8,377,788	3,396,304	4,596,400	16,370,492	329,051	16,699,543
Trade and other payables	4,669,794	59,654	571,200	5,300,648	-	5,300,648
Current income tax liabilty	102,393	-	-	102,393	-	102,393
Retirement benefit obligations	37,024	-	-	37,024	-	37,024
Deferred income tax liability	-	167,731	-	167,731	-	167,731
Equity and reserves	5,684,981	1,603,923	1,579,855	8,868,759	(775,732)	8,093,027
Total liabilities and equity	**27,012,907**	**5,370,132**	**6,747,455**	**39,130,494**	**(758,794)**	**38,371,700**

		Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
16	**Investment accounted for using equity method - in Joint venture**				
	Investment in Joint Venture				
	Sifax Logistics & Marine Service Ltd Note 16.1	52,634		52,634	
		52,634	-	52,634	-
	Share of profit in Joint Venture				
	Sifax Note 16.1	20,531		20,531	
	Total (loss)/profit for the year	20,531	-	20,531	-

	Name	Proportion of interest of ownership	Principal activities
16.1	Investment in Sifax JV arrangement	50%	Provision of towage services

The Group entered into a joint venture arrangement with Sifax Logistics and Marine Services Limited to provide towage services in the entire Nigerian Port Authority (NPA) areas and coastal waters on the 14 June 2014, but effectively commenced operation during the year.

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Non-current assets				
Construction of Vessel (WIP)	64,204	-	64,204	-
Total Assets	64,204	-	64,204	-
Liabilities	-	-	-	-
Net asset	64,204	-	64,204	-
Profit for the year	41,063	-	41,063	-
Total net assets	105,267	-	105,267	-
Gross revenue	146,781	-	146,781	-
Total expenses	(105,719)	-	(105,719)	-
Total Profit for the year	41,062	-	41,062	-
Proportion of the Group's ownership interest in the joint venture	50%	-	50%	-
Group's share of the profit in joint venture	20,531	-	20,531	-
Reconciliation				
Total net assets of the Joint venture	105,267	-	105,267	-
Proportion of the Group's ownership interest in the joint venture	50%	-	50%	-
Carrying amount of the groups interest in the joint venture	52,634	-	52,634	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
17.	**Other assets**				
	Prepayments	**848,266**	314,778	**670,883**	122,411
	Withholding tax receivables	**3,053,349**	2,142,320	**3,053,349**	2,138,684
	Other debit balances	**21,311**	218,803	**16,485**	218,803
	Insurance receivables	**247,293**	218,497	**227,404**	218,498
	Deposit for investments	**851,129**	851,129	**851,129**	851,129
		5,021,348	**3,745,527**	**4,819,250**	**3,549,525**
18.	**Inventories**				
	Motor vehicles	**28,050**	50,664	**28,050**	50,664
	Tracking devices	**421,798**	57,376	**421,798**	57,376
	Vehicle spare parts	**101,198**	129,918	**101,198**	129,918
	Consumables	**13,407**	360,774	**13,407**	360,774
	Goods in transit	**-**	114,744	**-**	114,744
		564,453	**713,476**	**564,453**	**713,476**
	Inventory write-down (Note 18.1)	**(52,074)**	(8,739)	**(52,075)**	(8,740)
		512,379	**704,737**	**512,378**	**704,736**
18.1	**Movement in impairment allowance**				
	At the beginning	**8,739**	-	**8,739**	-
	Charge/(write-back) in the year	**43,335**	8,739	**43,336**	8,740
	At the end	**52,074**	**8,739**	**52,075**	**8,740**

19. Operating lease assets

Group

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2016	6,808,544	23,461	11,115,068	3,451,947	340,386	21,739,406
Additions	1,999,549	6,601	564,744	3,106,932	63,982	5,741,808
Disposals	(424,545)	-	-	-	-	(424,545)
Exchange difference	770,358	(3)	3,538,239	(169,953)	(63,982)	4,074,659
At 31 December 2016	9,153,906	30,059	15,218,051	6,388,926	340,386	31,131,328
Additions	1,833,581	3,754	5,903,841	-	21,000	7,762,176
Transfer of Asset	-	-	6,231,851	(6,231,851)	-	-
Transfer to Joint Venture	-	-	-	(64,204)	-	(64,204)
Disposal	(267,925)	-	-	-	-	(267,925)
Exchange difference	10,367	-	(184,353)	-	13,521	(160,465)
At 31 December 2017	**10,729,929**	**33,813**	**27,169,390**	**92,871**	**374,907**	**38,400,910**
Accumulated depreciation						
At 1 January 2016	4,152,921	21,851	1,860,089	-	229,170	6,264,031
Charge	1,436,169	875	753,713	-	73,539	2,264,296
Disposals	(371,072)	-	-	-	-	(371,072)
Exchange difference	309,110	-	198,982	-	(55,786)	452,306
At 31 December 2016	5,527,128	22,726	2,812,784	-	246,923	8,609,561
Charge	1,678,537	2,289	1,169,286	-	18,664	2,868,776
Transfer to own assets		-	-	-	-	-
Disposals	(227,523)	-	-	-	-	(227,523)
Exchange difference	2,385	(35)	(29,664)	-	10,023	(17,291)
At 31 December 2017	**6,980,527**	**24,980**	**3,952,406**	**-**	**275,610**	**11,233,523**
Carrying amount						
At 31 December 2017	**3,749,402**	**8,833**	**23,216,984**	**92,871**	**99,297**	**27,167,387**
At 31 December 2016	3,626,778	7,333	12,405,267	6,388,926	93,463	22,521,767

19. Operating lease assets

Company

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2016	3,975,694	23,458	5,860,481	-	340,386	10,200,019
Additions	245,847	6,601	226,258	64,204	-	542,910
Disposals	(127,012)	-	-	-	-	(127,012)
At 31 December 2016	4,094,529	30,059	6,086,739	64,204	340,386	10,615,917
Additions	363,929	3,754	81,776	-	21000	470,459
Transfer to Joint Venture	-	-	-	(64,204)	-	(64,204)
Disposals	-	-	-	-	(51,373)	(51,373)
At 31 December 2017	**4,458,458**	**33,813**	**6,168,515**	**-**	**310,013**	**10,970,799**
Accumulated depreciation						
At 1 January 2016	3,022,658	21,851	1,542,029	-	229,170	4,815,708
Charge	464,341	875	309,743	-	17,750	792,709
Disposals	(116,741)	-	-	-	-	(116,741)
At 31 December 2016	3,370,258	22,726	1,851,772	-	246,920	5,491,676
Charge	372,545	2,254	372,932	-	18,664	766,396
Disposals	-	-	-	-	(51,373)	(51,373)
At 31 December 2017	**3,742,803**	**24,980**	**2,224,704**	**-**	**214,211**	**6,206,699**
Carrying amount						
At 31 December 2017	**715,655**	**8,833**	**3,943,811**	**-**	**95,802**	**4,764,100**
At 31 December 2016	724,271	7,333	4,234,966	64,204	93,466	5,124,241

20. Property, plant and equipment

Group

	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost								
At 1 January 2016	565,008	67,523	323,759	51,547	419,372	677,346	109,423	2,213,978
Additions	90,996	6,926	26,622	5,821	2,580	7,313	-	140,258
Revaluation surplus	-	-	-	-	24,960	37,192	-	62,152
Transfer/reclassifications	-	-	(86)	-	-	-	(44,867)	(44,953)
Disposals	(21,140)	-	(362)	(19,327)	-	-	-	(40,829)
Exchange difference	93,778	8,086	14,662	-	2,505	9,235	12,683	140,949
At 31 December 2016	728,642	82,535	364,595	38,041	449,417	731,086	77,239	2,471,555
Additions	146,568	2,497	27,836	10,555	-	36,055	-	223,511
Revaluation surplus	-	-	-	-	39,651	-	-	39,651
Transfer/reclassifications	-	-	-	-	-	-	-	-
Disposals	-	936	(69,086)		4,657	-	-	(63,493)
At 31 December 2017	**875,210**	**85,968**	**323,345**	**48,596**	**493,725**	**767,141**	**77,239**	**2,671,224**
Accumulated depreciation								
At 1 January 2016	301,159	50,457	260,853	43,858	139,364	-	-	795,691
Charge	140,147	5,951	26,035	3,776	7,780	-	-	183,689
Disposals	(16,492)	-	(362)	(19,327)	-	-	-	(36,181)
Exchange difference	26,039	1,318	21,615	-	(356)	-	-	48,616
At 31 December 2016	450,853	57,726	308,141	28,307	146,788	-	-	991,815
Charge	109,466	8,147	21,208	6,877	6,835	-	-	152,533
Disposals	-	(1,193)	(56,453)	-	-	-	-	(57,646)
Exchange difference	-							
At 31 December 2017	**560,319**	**64,680**	**272,896**	**35,184**	**153,623**	**-**	**-**	**1,086,702**
Carrying amount								
At 31 December 2017	**314,891**	**21,288**	**50,449**	**13,412**	**340,102**	**767,141**	**77,239**	**1,584,522**
At 31 December 2016	277,789	24,809	56,454	9,734	302,629	731,086	77,239	1,479,740

20.1 The land and buildings of the Group were revalued on 31 December 2017 by Messrs. Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N1,071,000,000 (31 December 2016 : N1,060,800,000).

The revaluation surplus of N88,113,403 (31 December 2016: N139,238,372) which is the difference between the market and the historical net values of the eligible property, plant and equipment being revalued has been discounted by 55%, as stipulated in paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions. Therefore, the amount of N39,651,031 (31 December 2016: N62,657,267) have been included in land and buildings and recognised in the revaluation reserve through the other comprehensive income.

20. Property, plant and equipment

Company

	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost								
At 1 January 2016	193,719	46,187	209,511	32,942	295,012	651,838	77,239	1,506,448
Additions	9,910	6,587	19,425	5,821	2,580	7,313	-	51,636
Revaluation surplus	-	-	-	-	25,465	37,192	-	62,657
Transfer from Merger	74,441	13,425	53,915	-	112,146	-	-	253,927
Disposal	(15,300)	-	-	-	-	-	-	(15,300)
At 31 December 2016	262,770	66,199	282,851	38,763	435,203	696,343	77,239	1,859,368
Additions	-	6,575	14,919	9,833	5,167	-	-	36,494
Revaluation surplus	-	-	-	-		39,651		39,651
Disposal	-	-	-	-	-	-	-	-
At 31 December 2017	**262,770**	**72,774**	**297,770**	**48,596**	**440,370**	**735,994**	**77,239**	**1,935,513**
Accumulated depreciation								
At 1 January 2016	154,654	34,084	167,360	26,306	29,250	-	-	411,654
Transfer from Merger	76,291	12,907	51,512	-	112,226	-	-	252,936
Charge	32,394	4,580	17,218	3,776	5,771	-	-	63,739
Disposal	(13,913)	-	-	-	-	-	-	(13,913)
At 31 December 2016	249,426	51,571	236,090	30,082	147,247	-	-	714,416
Charge	602	5,333	16,940	5,103	6,376	-	-	34,354
Disposal	-	-	-	-	-	-	-	-
At 31 December 2017	**250,028**	**56,904**	**253,030**	**35,185**	**153,623**	**-**	**-**	**748,770**
Carrying amount								
At 31 December 2017	**12,742**	**15,870**	**44,740**	**13,411**	**286,747**	**735,994**	**77,239**	**1,186,743**
At 31 December 2016	13,344	14,627	46,761	8,681	287,956	696,343	77,239	1,144,951

20.1 The land and buildings of the Group were revalued on 31 December 2017 by Messrs. Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N1,071,000,000 (31 December 2016 : N1,060,800,000).

The revaluation surplus of N88,113,403 (31 December 2016: N139,238,372) which is the difference between the market and the historical net values of the eligible property, plant and equipment being revalued has been discounted by 55%, as stipulated in paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions. Therefore, the amount of N39,651,031 (31 December 2016: N62,657,267) have been included in land and buildings and recognised in the revaluation reserve through the other comprehensive income.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
21.	**Intangible assets**				
	Computer software				
	Cost	**186,902**	165,538	**171,638**	165,538
	Additions	**6,329**	21,231	**-**	6,100
	Transferred from/(to) property, plant and equipment	**-**	86	**-**	-
	Asset written off	**(10,082)**	-	**(10,082)**	-
	Exchange difference	**-**	47	**-**	-
		183,149	**186,902**	**161,556**	**171,638**
	Accumulated amortisation				
	At 1 January	**159,271**	131,217	**147,166**	131,217
	Charge	**16,616**	28,054	**14,228**	15,949
	Asset written off	**(8,693)**	-	**(8,693)**	-
		167,194	**159,271**	**152,701**	**147,166**
	Carrying amount	**15,955**	**27,631**	**8,855**	**24,472**

Amortisation charged in the year is included in other operating expenses.
The software is not internally generated.

22.	**Balances due to banks**				
	First City Monument Bank Plc	**9,011**	63,426	**9,011**	63,426
	Access Bank Plc	**18,889**	107,574	**-**	351
	Diamond Bank Plc	**712,456**	678,492	**712,456**	678,492
	First Security Discount House	**-**	247	**-**	247
	Standard Chartered Bank	**-**	164	**-**	164
	Guranty Trust Bank	**3,705**	-	**3,705**	-
	Citi Bank	**31**	-	**31**	-
	Fidelity Bank Plc	**5,712**	8,657	**5,712**	8,657
	Zenith Bank Plc	**2,863**	50,821	**543**	50,821
	First Bank of Nigeria Ltd	**323,383**	1,367	**323,383**	1,367
	United Bank for Africa	**16,510**	215	**7,781**	215
	Intercontinental Bank - Cedi	**27,746**	-	**-**	**-**
		1,120,306	**910,963**	**1,062,622**	**803,740**

22.1 These are balances obtained from banks during the year.

23.	**Commercial notes**				
	Institutional clients	**2,688,325**	1,406,940	**2,686,516**	1,406,940
	Individual clients	**6,984,181**	5,653,431	**6,957,090**	5,930,247
		9,672,506	**7,060,371**	**9,643,606**	**7,337,187**
23.1	**Analysis of commercial notes**				
	Current	**9,672,506**	7,060,371	**9,643,606**	7,337,187
	Non-current	**-**	-	**-**	-
		9,672,506	**7,060,371**	**9,643,606**	**7,337,187**
24.	**Trade and other payables**				
	Financial liabilities:				
	Trade payables	**108,684**	19,569	**108,684**	19,569
	Security deposits	**5,960**	5,959	**5,960**	5,959
	Statutory deductions (WHT, PAYE)	**372,227**	83,787	**190,632**	135,106
	Accounts payable	**4,638,731**	3,761,796	**4,240,504**	3,105,977
	Advance payment received on account	**1,112,578**	1,127,650	**1,112,578**	1,127,650
	Deferred rental income	**3,560**	6,252	**3,560**	6,252
	Accrued expenses	**379,385**	295,635	**296,080**	269,281
	Total trade and other payables	**6,621,125**	**5,300,648**	**5,957,998**	**4,669,794**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
25.	**Taxation**				
25.1	**Income tax expense**				
	Income tax	**141,706**	111,715	**49,872**	48,592
	Education tax	**15,855**	-	**15,855**	-
	Technology tax	**5,222**	-	**5,222**	-
	Current income tax	**162,783**	**111,715**	**70,949**	**48,592**
	Deferred tax charge	**-**	3,642	**-**	-
	Income tax expense	**162,783**	**115,357**	**70,949**	**48,592**
	Reconciliation of effective tax rate				
	The income tax expense for the period can be reconciled to the accounting profit as follows:				
	Profit before tax	**1,277,370**	1,036,224	**522,208**	38,382
	Tax calculated using the domestic corporation tax rate of 30%	**383,211**	310,867	**156,662**	11,515
	Effect of tax rates in foreign jurisdictions	**(226,549)**	(232,585)	**-**	-
	Tax income exempt	**(254,324)**	(480,365)	**(254,324)**	(480,365)
	Non-deductible expenses	**312,540**	492,947	**312,540**	492,947
	Effect of education tax levy	**15,855**	-	**15,855**	-
	Effect of technology tax levy	**5,222**	-	**5,222**	-
	Effect of minimum tax	**141,706**	48,592	**49,872**	48,592
	Effect of disposal of items of PPE	**(3,378)**	-	**(3,378)**	-
	Tax reliefs	**(211,500)**	(24,096)	**(211,500)**	(24,096)
	Total income tax expense	**162,783**	**115,360**	**70,949**	**48,593**
25.2	**Current income tax liability**				
	At the beginning	**102,393**	464,216	**102,393**	440,816
	Merged operations	**-**	-	**-**	4,019
	Charge	**(22,785)**	48,592	(22,785)	48,592
	Under/(over)-provision in prior periods	**93,734**	-	93,734	-
	Withholding tax credit notes utilised	**(81,695)**	(302,619)	(81,695)	(302,619)
	Payments	**(46,630)**	(88,416)	(46,630)	(88,415)
	Adjustment/exchange difference	**-**	(19,381)	-	-
	Back duty tax	**94,258**	-	94,258	-
	At the end	**139,275**	**102,392**	**139,275**	**102,393**
25.3	**Current income tax assets**				
	At the beginning	**(26,556)**	(22,699)	**-**	-
	Charge in the year	**-**	65,202	**-**	-
	Refunds	**26,556**	(86,697)	**-**	-
	Under/(over)-provision in prior years	**(55,178)**	(2,079)	**-**	-
	Adjustment/exchange difference	**-**	19,717	**-**	
	At the end	**(55,178)**	**(26,556)**	**-**	**-**
25.4	**Deferred income tax assets**				
	At the beginning	**(850,965)**	(854,607)	**(854,607)**	(813,120)
	Merged operations	**-**	-	**-**	(41,487)
	Charge (Note 25.1)	**(3,642)**	3,642	**-**	-
	At the end	**(854,607)**	**(850,965)**	**(854,607)**	**(854,607)**

The Company has adopted the International Accounting Standard IAS 12 deferred taxation. The Computation of the deferred taxation resulted in deferred tax asset of N226,692,670 which is not recognised in these financial statements, as it is not probable that taxable profit will be available in the foreseable future against which the timing differences can be utilised.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
25.4.1	**Analysis of deferred income tax assets**				
	Property, plant and equipment	**(854,607)**	(850,965)	**(854,607)**	(854,607)
		(854,607)	**(850,965)**	**(854,607)**	**(854,607)**
25.5	**Deferred income tax liability**				
	At the beginning	**167,732**	141,125	**-**	-
	Exchange difference	**350**	26,607	**-**	-
	At the end	**168,082**	**167,732**	**-**	**-**
26.	**Borrowings**				
	Term loans (Note 26.1)	**11,888,895**	9,544,367	**4,006,287**	4,947,967
	Finance lease facilities (Note 26.2)	**4,948,286**	5,410,796	**1,985,161**	2,608,674
	Redeemable bonds (Note 26.3)	**1,288,240**	1,744,380	**452,675**	821,147
		18,125,421	**16,699,543**	**6,444,123**	**8,377,788**

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (December 2016 : Nil).

		Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
26.1	**Term loans**				
	First City Monument Bank Plc (Note 26.1.3)	**1,580,381**	2,540,864	**1,580,381**	2,540,864
	Fidelity Bank Plc (Note 26.1.4)	**-**	126,816	**-**	126,816
	ABSA Bank Limited, South Africa (Note 26.1.5)	**81,178**	353,325	**81,178**	353,325
	B.V. Scheepswerf Damen Gorinchem, The Netherlands (Note 26.1.7)	**4,581,787**	1,312,724	**-**	-
	Financial Derivative Company	**78,248**	70,117	**78,248**	70,117
	Bank of industry (Note 26.1.8)	**3,648,633**	3,283,676	**-**	-
	Secured lease notes (Note 26.1.9)	**1,918,668**	1,856,845	**2,266,480**	1,856,845
		11,888,895	**9,544,367**	**4,006,287**	**4,947,967**
26.1.1	**Analysis of term loans**				
	Current	**2,231,670**	1,575,825	**1,040,950**	2,109,738
	Non-current	**9,657,225**	7,968,542	**2,965,337**	2,838,229
		11,888,895	**9,544,367**	**4,006,287**	**4,947,967**
26.1.2	**Movement in borrowings**				
	At the beginning	**16,699,542**	13,367,299	**8,377,788**	7,610,960
	Addition	**14,552,724**	8,853,151	**9,311,179**	6,429,285
	Repayment	**(12,695,636)**	(7,013,861)	**(11,183,156)**	(6,655,410)
	Foreign currency translation and exchange loss on foreign currency denominated loans	**(431,209)**	1,492,954	(61,688)	992,953
	At the end	**18,125,421**	**16,699,543**	**6,444,123**	**8,377,788**

26.1.3 First City Monument Bank Plc

Facility represents US $15,725,000 (N2,500,000,000) term loan secured from First City Monument Bank Plc on 2 December 2011 for a period of 66 months with a moratorium of 9 months on principal, to finance acquisition of crew and tug boats. The interest on the loan is 9% per annum. The loan is secured by mortgage on the boats being financed. However,in December 2017, the facility was extended for additional 20 months. The loan is secured by mortgage on the boats being financed.The balance of the loan stood at $3,763,681.56 as at 31st December 2017

26.1.4 Fidelity Bank Plc

Facility represents N734,000,000 term loan secured from Fidelity Bank Plc on 7 December 2012 for a period of 30 months effective from October 2013. The interest on the loan is 16% per annum. The loan has been fully paid as at 31st December 2017.

26.1.5 ABSA Bank Limited, South Africa

Facility represents US Dollar 4,195,120 term loan secured from ABSA Bank Limited, South Africa under a loan agreement dated 5 December 2012 for a period of four years from draw-down date. The interest on the loan is London Inter Bank Offered Rate (LIBOR) plus 2.5% per annum. The loan is secured by mortgage on the boats being financed. The loan has been fully paid in January 2018

26.1.6 Diamond Bank Plc

Facility represents N1,000,000,000 revolving term loan secured from Diamond Bank Plc . The interest on the loan is 19% per annum. The facility is required to enable the Company meets its financial obligations on outsourcing services.

26.1.7 B.V. Scheepswerf Damen Gorinchem, The Netherlands

Facility represents US $22,185,680 term loan secured from B.V. Scheepswerf Damen Gorinchem, The Netherlands, for a period of five years . The interest on the loan is 4.8% per annum. The facility is required to enable the Company meets its financial obligations on new boat acquisition. The facility was obtained by EPIC International FZE, U.A.E. The loan balance stood at $11,793,354.00 as at 31st December 2017

26.1.8 Bank of industry

On 8th February 2017 C&I Leasing Plc had entered into financing agreement with Bank of industry limited (Nigeria) for long term loan of $11,880,000 for acquisition of vessel. The loan is payable in five years inclusive of six months moratorium period. Rate of interest is 6.5%p.a. Loan is sured by bank guarantee from First City

26.1.9 Secured Leased Notes

Facility represents amount obtained from various individual and institutional investors under term loan agreement at interest of 9% per annum. The facility was obtained for construction of vessels for the Company. As security for the facility, the investors are given equity holdings in the vessels being constructed. The tenor for the facility ranges between 50 - 60 months.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
26.2	**Finance lease facilities**				
	Diamond Bank Plc (Note 26.2.2)	**1,319,219**	1,311,027	**1,319,219**	1,311,027
	Stanbic IBTC Bank (Note 26.2.3)	**1,160,245**	1,477,979	**412,686**	336,280
	First Bank of Nigeria Ltd (Note 26.2.4)	**164,975**	337,941	**164,975**	337,941
	Access Bank Plc (Note 26.2.5)	**87,700**	385,024	**87,700**	168,666
	Lotus Capital Limited (Note 26.2.6)	**-**	356,566	**-**	356,566
	Barclays Bank Ghana (Note 26.2.7)	**1,463,159**	1,197,831	**-**	-
	FSDH Merchant Bank Ltd (Note 26.2.8)	**581**	98,194	**581**	98,194
	Intercontinental Bank, Ghana	**221,528**	-	**-**	-
	Others	**530,879**	246,233	**-**	-
		4,948,286	**5,410,795**	**1,985,161**	**2,608,674**
26.2.1	**Analysis of finance lease facility**				
	Current	**2,403,182**	2,699,492	**993,186**	1,313,532
	Non-current	**2,545,104**	2,711,304	**991,975**	1,295,142
		4,948,286	**5,410,796**	**1,985,161**	**2,608,674**

26.2.2 Diamond Bank Plc

This facility represents N1.2 billion motor vehicle corporate lease renewable annually for the purpose of financing 80% of cost required to purchase vehicles to service lease or fleet management contract for vehicles from corporate organisations. The interest is at 19% per annum (subject to changes in line with money market conditions) and its tenor is 4 years (48 months).

26.2.3 Stanbic IBTC Bank Plc

Facility represents N700 million finance lease facility secured from Stanbic IBTC Bank Limited in February 2010 for an initial period of three years but subsequently renewed. The interest on the facility is 18% per annum. The facility was secured by legal ownership of assets finance under the lease contract.

26.2.4 First Bank of Nigeria Limited

This relates to N2 billion equipment lease facility secured from First Bank of Nigeria Limited on 10 February 2011 for a period of four years but subsequently renewed. The interest on the facility is 18% per annum. The facility is in tranches and the Company makes equity contribution of 20% on each tranche drawn. The facility was secured by corporate guarantee of C&I Leasing Plc.

26.2.5 Access Bank Plc

Facility represents N90.5 million and N44.75 million vehicle finance lease secured from Access Bank Plc in June 2011 and May 2012 respectively for a period of three years but subsequently renewed. The interest on the lease facility is payable monthly at 17% per annum. The facility was secured by legal ownership of the

26.2.6 Lotus Capital Limited

This represents N200 million Murabaha facility secured from Lotus Capital Limited under the Murabaha agreement of 7 September 2011 for a period of three years. The interest on the facility is 16.02% per annum. The facility was liquidated during the year.

26.2.7 Barclays Bank of Ghana

Facility represents US $750,000 finance lease facility secured from Barclays Bank of Ghana Limited in February 2012 for a period of three years. The interest on the facility is 8% per annum. The facility was secured by legal ownership of the leased assets.

26.2.8 FSDH Merchant Bank Limited

Facility represents asset-backed lease note secured from First Securities Discount House Limited in February 2012 for a period of two years with a moratorium of three months on principal repayment. The interest on the facility is 16% per annum.The facility was liquidated in February 2018.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
26.3	**Redeemable bonds**				
	First Pension Custodian Ltd	**-**	76,689	**-**	76,689
	First Securities Discount House Ltd	**-**	112,778	**-**	112,778
	UBA Pension Custodian Ltd	**-**	22,555	**-**	22,555
	FSDH Merchant Bank Ltd	**452,675**	609,125	**452,675**	609,125
	Convertible bond	**835,565**	923,233	**-**	-
		1,288,240	**1,744,380**	**452,675**	**821,147**
26.3.1	**Analysis of redeemable bonds**				
	Current	**203,530**	223,968	**146,738**	187,772
	Non-current	**1,084,710**	1,520,412	**305,937**	633,375
		1,288,240	**1,744,380**	**452,675**	**821,147**

26.3.2 Redeemable bonds include financial instruments classified as liabilities measured at amortised cost

The redeemable bonds represent N940 million & N600M notes issued to subscribers (as indicated above) on 30 November 2012 & 2016 respectively for a period of five years. Interest on the notes is payable at 18% per annum. The loan is repayable at six monthly intervals over a period of five years. The loan is direct, unconditional and secured obligation of C&I Leasing Plc. The N940 million bond has been fully paid in November 2017

Redeemable bonds include financial instruments classified as liabilities measured at amortised cost.

26.3.3 Convertible bond

This represents 5 years USD375,000 each convertible bonds, in an aggregate principal amount of USD3,000,000.00 issued in 2014 by Leasafric Ghana Limited.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
27.	**Retirement benefit obligations**				
	Defined contribution pension plan (Note 27.1)	**33,899**	37,024	**33,899**	37,024
		33,899	**37,024**	**33,899**	**37,024**
27.1	Defined contribution pension plan				
	At the beginning	**37,024**	47,989	**37,024**	47,989
	Contributions	**708,823**	487,365	**708,823**	487,365
	Remittances	**(711,948)**	(498,330)	**(711,948)**	(498,330)
	At the end	**33,899**	**37,024**	**33,899**	**37,024**

27.1.1 The Group make 10% and its employees make a contribution of 8% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
28.	**Share capital**				
28.1	**Authorised share capital**				
	3,000,000,000 ordinary shares of 50k each	**1,500,000**	1,500,000	**1,500,000**	1,500,000
28.2	**Issued and fully paid**				
	1,617,010,000 ordinary shares of 50k each	**808,505**	808,505	**808,505**	808,505
28.3	**Share premium**				
	At the end	**679,526**	679,526	**679,526**	679,526
	The share premium is the amount.				
29.	**Deposit for shares**				
	At the beginning	**2,466,012**	2,453,528	**2,466,012**	2,453,528
	Exchange difference	**(182,700)**	12,484	**(182,700)**	12,484
	At the end	**2,283,312**	**2,466,012**	**2,283,312**	**2,466,012**

29.1 This represents US$12,486,143.09 unsecured variable coupon convertible notes issued by Aureos Africa LLC on 11 January 2010 for a period of five years. The interest to be paid on notes is equivalent, in any period, to dividend declared by C&I Leasing Plc and payable on the equivalent number of ordinary shares underlying the loan stock. The Company is in the process of converting the notes to its equity and has elected to include the notes in equity as deposit for shares.

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
30. Statutory reserve				
At the beginning	**1,039,228**	829,325	**651,203**	651,203
Transfer from statement of profit or loss	**82,352**	209,903	**82,352**	**-**
At the end	**1,121,580**	**1,039,228**	**733,555**	**651,203**

The Nigerian banking regulations requires the Group to make an annual appropriation to a statutory reserve. As stipulated in S. 16 (1) of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 and Central Bank of Nigeria (CBN) guidelines, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
31. Statutory credit reserve				
At the beginning	**626,343**	613,725	**613,585**	597,077
Arising in the period	**(465,743)**	16,506	**(465,743)**	16,508
Exchange difference adjustment	**-**	(3,888)	**-**	-
At the end	**160,600**	**626,343**	**147,842**	**613,585**

The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Prudential Guidelines (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non-distributable.

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
32. Retained earnings				
At the beginning	**511,859**	(54,767)	**(176,751)**	1,223,732
Arising from Merger of C & I Motors Ltd	**-**	-	**-**	(1,312,348)
Dividend declared and paid	**-**	(82,930)	**-**	(61,419)
Transfer from statement of profit or loss	**1,064,858**	875,965	**451,259**	(10,212)
Transfer to statutory reserve	**(82,352)**	(209,903)	**(82,352)**	-
Transfer to statutory credit reserve	**465,743**	(16,506)	**465,743**	(16,506)
At the end	**1,960,108**	**511,859**	**657,899**	**(176,753)**
33. Foreign currency translation reserve				
At the beginning	**1,097,318**	(393,369)	**-**	(384,323)
Arising in the year	**29,487**	1,490,687	**-**	384,323
At the end	**1,126,805**	**1,097,318**	**-**	**-**

This represents net exchange difference arising from translation of reserve balances of foreign entity at closing rate.

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
34. AFS fair value reserve				
At the beginning	**(848)**	(5,513)	**(848)**	(5,513)
Gain/(Loss) arising in the year	**6,136**	4,665	**6,136**	4,665
At the end	**5,288**	**(848)**	**5,288**	**(848)**

Available-for-sale (AFS) fair value reserve represents gains or losses arising from marked to market valuation on available-for-sale assets.

	Group		Company	
35. Revaluation reserve				
At the beginning	**643,246**	581,094	**643,751**	581,094
Arising during the year	**40,154**	62,152	**39,649**	62,657
At the end	**683,400**	**643,246**	**683,400**	**643,751**

Revaluation reserve relates to surplus arising from the revaluation of land and buildings included in property, plant and equipment.

As stipulated in the paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions, the revaluation surplus of N88,113,403.61 (31 December 2016 : N139,238,372.77) (difference between the market and the historical values of the eligible property, plant and equipment being revalued) was discounted by 55% and the amount of N39,649,025 (31 December 2016 : N62,657,267.75) recognised in the revaluation reserve.

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
36. Non-controlling interest				
At the beginning	**221,838**	176,939	**-**	-
Share of profit from Leasafric Ghana Ltd	**49,729**	44,899	**-**	-
At the end	**271,567**	**221,838**	**-**	**-**
37. Cash and cash equivalents				
Cash and balances with banks (Note 10)	**1,239,836**	983,183	**466,607**	255,259
Balance due to banks (Note 22)	**(1,120,306)**	(910,963)	**(1,062,623)**	(803,740)
	119,530	**72,220**	**(596,016)**	**(548,481)**
38. Impairment charge/(write-back)				
Finance lease receivables	**(1,598)**	(1,966)	**(1,598)**	(1,966)
Lease rental due	**19,104**	261,820	**19,104**	261,820
Inventories	**43,334**	-	**43,334**	-
Trade and other receivables	**174,485**	344,944	**174,485**	344,944
Per statement of profit or loss	**235,325**	**604,798**	**235,325**	**604,798**

38.1 Reconciliation of impairment allowance on inventories, loans and receivables, finance lease receivables and trade and other receivables

Group

	Inventory N'000	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000	Trade and other receivables N'000	Total N'000
At 1 January 2016						
Specific impairment	-	4,095	182,070	-	601,841	788,006
Collective impairment	-	-	24,152	72,395	57,390	153,937
	-	4,095	206,222	72,395	659,231	941,943
Additional provision						
Specific impairment	8,740	-	248,813	-	285,593	543,146
Collective impairment	-	-	13,008	-	59,352	72,360
No longer required	-	-	-	(1,966)	-	(1,966)
Statement of profit or loss	8,740	-	261,821	(1,966)	344,945	613,540
Written off	-	-	-	(53,010)	-	(53,010)
At 31 December 2016						
Specific impairment	8,740	4,095	430,882	(54,976)	887,434	1,276,176
Collective impairment	-	-	37,160	72,395	116,742	226,297
Total	8,740	4,095	468,042	17,419	1,004,176	1,502,473
Additional provision						
Specific impairment	43,335	-	19,104	(1,598)	174,485	235,326
Collective impairment	-	-	-	-	-	-
No longer required	-	-	-	-	-	-
Statement of profit or loss	43,335	-	19,104	(1,598)	174,485	235,326
Written off	-	(1,090)	(449,028)	(583)	(475,488)	(926,189)
At 31 December 2017						
Specific impairment	52,075	3,005	958	(57,157)	586,431	585,312
Collective impairment	-	-	37,160	72,395	116,742	226,297
	52,075	**3,005**	**38,118**	**15,238**	**703,173**	**811,609**

38.1 Reconciliation of impairment allowance on inventories, loans and receivables, finance lease receivables and trade and other receivables

Company

	Inventory N'000	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000	Trade and other receivables N'000	Total N'000
At 1 January 2016						
Specific impairment	-	4,095	182,069	-	538,817	733,721
Collective impairment	-	-	24,152	19,385	89,947	133,484
	-	4,095	206,221	19,385	628,764	867,205
Additional provision						
Specific impairment		-	248,813	-	285,593	534,406
Collective impairment	-	-	13,008	-	59,352	72,360
No longer required	-	-	-	(1,966)	-	(1,966)
Statement of profit or loss	-	-	261,821	(1,966)	344,945	604,800
	-					
Absorbed from C&I Motors						
Specific impairment	-	-	-	-	30,469	30,469
Collective impairment	-	-	-	-	-	-
	-	-	-	-	30,469	30,469
At 31 December 2016						
Specific impairment	-	4,095	430,882	(1,966)	887,434	1,320,445
Collective impairment	-	-	37,160	19,385	116,742	173,287
	-	4,095	468,042	17,419	1,004,176	1,493,732
Balance brought forward	8,740	-	-	-	-	8,740
Additional impairment						-
Specific impairment	43,335	-	19,104	(1,598)	174,485	235,326
Collective impairment	-	-	-	-	-	-
No longer required	-		-		-	-
Statement of profit or loss	43,335	-	19,104	(1,598)	174,485	235,326
Written off	-	(1,090)	(449,028)	(583)	(475,488)	(926,189)
At 31 December 2017						
Specific impairment	52,075	3,005	958	(4,147)	586,431	638,322
Collective impairment	-	-	37,160	19,385	116,742	173,287
	52,075	**3,005**	**38,118**	**15,238**	**703,173**	**811,609**

	Group		Company	
	2017 N'000	2016 N'000	**2017 N'000**	2016 N'000
39. Lease rental income				
Finance Lease	**2,508,548**	3,264,172	**2,060,488**	3,189,822
Operating Lease	**11,464,403**	5,846,584	**7,126,704**	3,544,340
	13,972,951	9,110,756	9,187,192	6,734,162
40. Finance Cost				
Finance lease interest	**2,277,274**	1,697,754	**484,683**	451,024
Commercial notes interest	**929,280**	708,544	**929,280**	708,544
Term loans interest	**294,056**	343,820	**294,056**	343,820
	3,500,610	**2,750,118**	**1,708,019**	**1,503,388**
41. Outsourcing income				
Outsourcing rental	**6,230,228**	5,897,682	**6,230,228**	5,897,682
Outsourcing service expense	**(5,525,571)**	(5,179,863)	**(5,525,571)**	(5,179,863)
	704,657	**717,819**	**704,657**	**717,819**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
46.1	**Gain on sale of property, plant and equipment**				
	Gross value	**63,494**	424,545	**-**	127,012
	Accumulated depreciation	**(57,646)**	(371,072)	**-**	(116,741)
	Carrying amount	**5,848**	53,473	**-**	10,271
	Proceeds from sale	**89,853**	121,681	**-**	22,530
	Profit on disposal	**84,005**	68,208	**-**	12,259
47.	**Lease Expense**				
	Operating Lease Maintenance Expense	**3,755,531**	2,275,060	**4,427,184**	3,850,648
	Finance lease assets maintenance	**844,432**	356,213	**570,517**	356,213
	Lease Insurance Expense	**261,839**	109,993	**86,306**	109,993
		4,861,802	2,741,266	5,084,007	4,316,854
48.	**Depreciation and amortization expense**				
	Operating lease assets	**2,868,776**	1,976,641	**766,396**	486,716
	Property, plant and equipment	**152,533**	170,919	**34,354**	69,756
	Amortisation of intangible assets:				
	- Computer software	**16,616**	-	**14,228**	-
		3,037,925	**2,147,560**	**814,978**	**556,472**
49.	**Personnel expenses**				
	Salaries and allowances	**1,026,499**	668,488	**743,418**	622,553
	Pension contribution expense	**71,132**	31,620	**65,329**	27,386
	Training and medical	**129,588**	88,530	**79,295**	64,618
		1,227,219	788,638	**888,042**	714,557
50.	**Distribution expenses**				
	Marketing	**4,245**	10,564	**4,245**	10,564
	Advertising	**37,938**	10,099	**19,573**	10,099
		42,183	20,663	**23,818**	20,663
51.	**Administrative expenses**				
	Auditors' remuneration	**23,998**	24,841	**16,940**	16,940
	Directors' emoluments	**48,083**	31,221	**43,540**	25,245
	Foreign exchange loss	**421,539**	680	**421,539**	680
	Bank charges	**141,159**	184,998	**118,898**	161,268
	Fuel and maintenance	**178,168**	55,320	**168,674**	52,610
	Insurance	**24,491**	24,861	**24,491**	24,861
	Public relations	**17,081**	42,546	**17,081**	22,072
	Travel and entertainment	**137,938**	135,081	**128,315**	126,811
	Legal and professional expenses	**193,296**	162,142	**176,194**	148,761
	Communications	**72,965**	60,096	**61,830**	54,164
	Subscriptions	**84,049**	70,951	**57,951**	57,406
	Inventory losses/write-offs	**996**	97,107	**996**	97,107
	Back duty tax- VAT/WHT	**94,258**	-	**94,258**	-
	Levies and penalties	**7,461**	7,591	**5,404**	7,591
	Other administrative expenses	**145,623**	216,042	**104,277**	147,606
		1,591,105	1,113,477	**1,440,388**	**943,122**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
42.	**Discontinued operation**				
	During the year, the management took a decision to wind up the operation of motor sales division of the Company (C&I Motors).				
	The Assets of the division has been allocated to other divisions.				
42.1	**Profit for the year from discontinued operation**				
	Vehicle sales and repairs (Note 43)	**498,824**	-	**498,824**	-
	Cost sales and repairs (Note 43.1)	**(483,530)**	-	**(483,530)**	-
		15,294	**-**	**15,294**	**-**
43.	**Vehicle sales and repairs**				
	Vehicles	**82,588**	231,128	**82,588**	231,128
	Accessories	**101,775**	77,040	**101,775**	77,040
	Repairs and maintenance	**212,000**	-	**212,000**	-
	Others	**102,461**	78,416	**102,461**	78,416
		498,824	**386,584**	**498,824**	**386,584**
43.1	**Vehicles sales and repairs - cost of sales**				
	Vehicles	**57,170**	190,508	**57,170**	190,508
	Accessories	**30,912**	150,859	**30,912**	150,859
	Repairs and maintenance	**309,566**	-	**309,566**	-
	Others	**85,882**	4,592	**85,882**	4,592
		483,530	**345,959**	**483,530**	**345,959**
44.	**Tracking and tagging income**				
	Tracking income	**195,660**	388,880	**195,660**	388,880
	Tracking expenses	**(72,591)**	(287,233)	**(72,591)**	(287,233)
		123,069	**101,647**	**123,069**	**101,647**
45.	**Interest income**				
	Interest on bank deposits	**60,285**	8,927	**773**	8,927
		60,285	**8,927**	**773**	**8,927**
46.	**Other income**				
	Gain on sale of finance lease assets	**61,555**	189,493	**61,555**	189,493
	Gain on sale of operating lease assets		68,208	**-**	12,259
	Gain on sale of property, plant and equipment (Note 46.1)	**84,005**	229	**-**	738
	Insurance claims received	**4,908**	6,833	**4,908**	6,833
	Insurance income on finance leases	**2,563**	3,156	**2,563**	3,156
	Investment income	**2,634**	7,003	**2,634**	7,003
	Franked investment income	**-**	122	**-**	122
	Rent received	**17,800**	-	**17,800**	-
	Foreign exchange gain/(loss)	**135,496**	-	**61,688**	-
	Others	**567,787**	947,926	**514,120**	875,452
		876,748	**1,222,970**	**665,268**	**1,095,056**

		Group		Company	
		2017	2016	**2017**	2016
		N'000	N'000	**N'000**	N'000
52.	**Reconciliation of profit after tax to net cash provided by operating activities:**				
	Profit/(loss) after tax	**1,064,858**	**875,968**	**451,259**	(10,210)
	Adjustment to reconcile profit after tax to net cash provided by operating activities:				
	Depreciation of property, plant and equipment	**152,533**	183,689	**34,350**	63,739
	Depreciation of operating lease assets	**2,868,776**	2,264,296	**766,396**	792,709
	Amortisation	**16,618**	28,054	**15,617**	15,949
	Impairment charge	**130,010**	83,127	**193,589**	261,821
	Interest on finance lease facilities and loans	**3,500,610**	2,750,118	**1,708,019**	1,503,388
	Non controlling interest in increase in Share capital	**49,729**	44,899		
	Exchange (gain)/loss	**(38,136)**	12,484	**(182,700)**	(916,529)
	Increase/(decrease) in current income tax liability	**165,207**	48,592	**71,473**	52,611
	(Decrease)/Increase in deferred income tax liability	**350**	26,607	**-**	-
	(Decrease)/Increase in deferred income tax assets		3,642		
	Revaluation Gain	**503**		**-**	
	Profit on disposal of operating lease assets	**-**	(68,208)		(12,259)
	Profit on disposal of property, plant and equipment	**(84,005)**	(229)	**-**	(738)
	Write off of Investments in subsidiary	**-**	-	**-**	700,000
	Operating profit before changes in operating	**6,729,931**	5,377,071	**2,606,744**	2,460,691
	Net decrease/(increase) in operating assets (Note 53)	**(13,034,937)**	(9,847,784)	**(8,124,005)**	(8,254,028)
	Net increase in operating liabilities (Note 54)	**7,459,756**	6,072,711	**6,639,566**	5,522,369
	Total adjustments	**1,154,750**	1,601,998	**1,122,305**	(270,968)
	Net cash provided by operating activities	**2,219,608**	2,477,966	**1,573,564**	(281,178)
53.	**Decrease/(increase) in operating assets**				
	Loans and receivables	**(20,819,923)**	(5,346,619)	**(15,545,292)**	(17,626,279)
	Finance lease receivables	**213,601**	704,651	**(916,591)**	194,625
	Other assets	**(1,392,660)**	(153,788)	**8,591,336**	9,343,853
	Inventories	**192,358**	201,981	**192,359**	(166,227)
	Trade and other receivables	**8,643,279**	(5,254,010)	**(445,817)**	-
		(13,163,345)	(9,847,785)	**(8,124,005)**	(8,254,028)
54.	**Increase in operating liabilities**				
	Commercial notes	**2,612,135**	1,462,281	**2,306,419**	1,749,303
	Other liabilities	**4,158,331**	3,940,920	**3,624,324**	3,285,701
	Retirement benefit obligations	**708,823**	669,510	**708,823**	487,365
		7,479,289	6,072,711	**6,639,566**	5,522,369

55. Basic earnings per share

Earnings per share (EPS) - basic, have been computed for each period on the profit after tax attributable to ordinary shareholders and divided by the weighted average number of issued N0.50 ordinary shares during the period. While diluted earnings per share is calculated by adjusting the weighted average ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potential dilutive shares for the year ended 31 December 2017 (December 2016 : Nil).

	Group		Company	
	2017	2016	**2017**	2016
	N'000	N'000	**N'000**	N'000
Profit after taxation	**1,064,858**	875,968	**451,259**	(10,210)
	Number	Number	**Number**	Number
Number of shares at year end	**1,617,010**	1,617,010	**1,617,010**	1,617,010
Time weighted average number of shares in issue	**1,617,010**	1,617,010	**1,617,010**	1,617,010
Diluted number of shares	**1,617,010**	1,617,010	**1,617,010**	1,617,010
Earnings per share (EPS) (kobo) - basic	**65.85**	54.17	**27.91**	(0.63)
Earnings per share (EPS) (kobo) - diluted	**65.85**	54.17	**27.91**	(0.63)

		N'000	N'000	**N'000**	N'000
56.	**Information regarding Directors and employees**				
56.1	**Directors**				
56.1.1	**Directors' emoluments**				
	Fees	**26,143**	19,415	**23,280**	17,000
	Other emoluments	**21,940**	8,245	**21,940**	8,245
		48,083	27,660	**45,220**	25,245
56.1.2	Fees and emoluments disclosed above excluding pension contributions include amounts paid to:				
	The Chairman	**4,806**	3,000	**4,806**	3,000
	Other Directors	**40,414**	12,000	**40,414**	12,000
56.1.3	The number of Directors [including the Chairman and the highest paid Director] who received fees and other emoluments [excluding pension contributions] in the following ranges were:				
		Number	Number	**Number**	Number
	N240,001 - N400,000	**-**	-	**-**	-
	N400,001 - N1,550,000	**8**	8	**6**	6
	N1,550,001 - N5,000,000	**1**	1	**-**	-
	N5,000,000 - N8,000,000	**-**	-	**1**	1
	N8,000,001 - N11,000,000	**1**	1	**1**	1
		10	10	**8**	8

	Group		Company	
	2017	2016	**2017**	2016
	Number	Number	**Number**	Number
56.2 Employees				
56.2.1 The average number of persons employed by the Group during the year was as follows:				
Managerial	**29**	29	**19**	19
Senior staff	**48**	48	**45**	42
Junior staff	**476**	476	**398**	394
	553	553	**462**	455
56.2.2 The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:				
N - N				
250,001 - 370,000	**159**	159	**150**	150
370,001 - 420,000	**226**	226	**189**	188
430,001 - 580,000	**80**	80	**53**	50
580,001 - 700,000	**24**	24	**24**	21
700,001 - 750,000	**18**	18	**15**	15
840,001 - 850,000	**14**	14	**12**	12
1,000,001 - 1,100,000	**12**	12	**5**	5
1,100,001 - 1,150,000	**5**	5	**4**	4
1,200,001 - 1,400,000	**5**	5	**4**	4
1,500,000 - 1,550,000	**5**	5	**4**	4
1,650,000 - 2,050,000	**5**	5	**2**	2
	553	553	**462**	455

57. Reclassification of comparative figures

Certain comparative figures in these consolidated financial statements have been restated to give a more meaningful comparison.

58. Events after the reporting date

No event or transaction has occurred since the reporting date, which would have had a material effect on the Group's financial statements as at that date or which needs to be mentioned in the Group's financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

59. Financial commitments

The Directors are of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the Group have been take into consideration in the preparation of these consolidated and separate financial statements.

60. Contingent assets/(liabilities)

The Group is not subject to any claim and other liabilities nor assets arising in the normal course of the business for the year ended 31 December 2017 (31 December 2016 : Nil).

61. Related party transactions

The Group is controlled by C & I Leasing Plc, whose shares are widely held. The parent company is a finance company.

A number of transactions were entered into with related parties in the normal course of business. These include loans and borrowings.

The volumes of related-party transactions, outstanding balances at the year end, and related expenses and incomes for the year are as follows:

61.1 Loans and advances to related parties

The Company granted various loans to other companies that have common directors with the Company and those that are members of the Group. The rates and terms agreed are comparable to other facilities being held in the Company's portfolio. Details of these are described below:

	2017 **N'000**	2016 N'000
EPIC International FZE, U.AE.	**8,632,709**	7,752,512
Leasafric, Ghana	**52,745**	16,351
	8,685,454	7,768,863

No impairment loss has been recognised in respect of loans given to related parties.

The loans to subsidiaries are non-collaterised loans and advances at below market rates at 10%. These loans have been eliminated on consolidation and do not form part of the reported Group loans and advances.

62. Segment reporting

62.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the year ended 31 December 2017:

	Fleet management N'000	**Personnel outsourcing N'000**	**Marine services N'000**	**Citrack N'000**	**Total N'000**
Gross earnings	**3,878,306**	**6,230,228**	**5,995,457**	**210,955**	**16,314,946**
Operating income	3,469,179	6,043,139	4,876,255	197,824	14,586,397
Operating expenses	(2,460,003)	(5,232,420)	(2,863,486)	(126,260)	(10,682,169)
Depreciation and amortisation	(594,930)	(14,820)	(192,148)	(5,390)	(807,288)
Personnel expense	(295,954)	(127,655)	(434,113)	(30,321)	(888,043)
Other operating expenses	(717,732)	(231,498)	(683,563)	(53,897)	(1,686,690)
Profit before taxation	**(599,440)**	**436,746**	**702,945**	**(18,044)**	**522,207**
Total assets employed	3,522,447	1,205,265	5,041,955	492,909	10,262,576
Interest expense	409,129	176,938	1,107,963	13,989	1,708,019
Earnings before interest and tax	(190,310)	613,684	1,810,908	(4,055)	2,230,227
ROCE (EBIT / total asset)	**-5.4%**	**51%**	**36%**	**-1%**	**22%**

Geographical information

1. Revenue		
Nigeria	**16,314,946**	14,511,291
Ghana	**3,801,857**	2,504,507
United Arab Emirates	**2,775,324**	2,275,966
	22,892,127	19,291,764
2. Total assets		
Nigeria	**29,280,850**	27,012,907
Ghana	**6,001,019**	5,370,130
United Arab Emirates	**10,798,222**	6,747,455
	46,080,091	39,130,492

C & I LEASING PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Other National Disclosures

STATEMENT OF VALUE ADDED - GROUP
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 N'000	%	2016 N'000	%
Gross income	**21,371,699**		17,015,799	
Interest expense	**(3,500,610)**		(2,750,118)	
	17,871,089		14,265,681	
Bought in goods and services:				
- Local	**(8,862,793)**		(7,460,211)	
- Foreign	**-**		-	
Value added	**9,008,296**	**100**	6,805,470	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	**1,227,219**	**14**	788,638	12
To pay government:				
Current income tax	**162,783**	**2**	111,715	2
To pay shareholders:				
Dividend	**-**	**-**	82,930	1
To pay providers of capital:				
Interest	**3,500,610**	**39**	2,750,118	40
Retained for future replacement of assets and expansion of business:				
- Depreciation	**3,018,392**	**33**	2,147,560	31
- Deferred income tax	**-**	**-**	3,642	-
- Profit for the year/period	**1,099,293**	**12**	920,867	14
	9,008,297	**100**	6,805,470	100

Value added is the additional wealth created by the efforts of the Group and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

STATEMENT OF VALUE ADDED - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 N'000	%	2016 N'000	%
Gross income	16,314,947		14,511,291	
Interest expense	(1,708,019)		(1,503,388)	
	14,606,928		13,007,903	
Bought in goods and services:				
- Local	(10,790,398)		(10,133,685)	
- Foreign	-		-	
Value added	3,816,530	100	2,874,218	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	888,043	23	714,557	25
To pay Government:				
Current income tax	(22,785)	(1)	48,592	2
To pay shareholders:				
Dividend	-	-	61,419	2
To pay providers of capital:				
Interest	1,708,019	45	1,503,388	52
Retained for future replacement of assets and expansion of business:				
- Depreciation of property, plant and equipment	807,288	22	556,472	19
- Deferred income tax			-	
- Profit for the year	435,964	11	(10,210)	-
	3,816,529	100	2,874,218	100

Value added is the additional wealth created by the efforts of the company and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

FINANCIAL SUMMARY - GROUP

31 DECEMBER	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and balances with banks	**1,239,836**	983,183	1,417,825	1,470,072	979,909
Loans and receivables	**351,957**	226,512	471,528	743,985	819,485
Trade and other receivables	**6,584,292**	6,056,406	6,542,523	3,970,054	2,731,243
Finance lease receivables	**1,515,030**	1,728,632	2,433,283	2,492,275	3,295,079
Available for sale assets	**26,180**	20,044	15,379	15,729	25,282
Investment in joint ventures	**52,634**	-	-	-	-
Other assets	**5,021,348**	3,745,527	160,990	83,827	119,592
Inventories	**512,379**	704,737	431,200	573,709	833,054
Operating lease assets	**27,167,387**	22,521,767	15,475,375	11,730,045	8,248,911
Property, plant and equipment	**1,584,522**	1,479,740	1,418,287	1,231,117	1,139,621
Intangible assets	**15,955**	27,631	34,321	145,365	33,187
Current income tax assets	**55,178**	26,556	22,699	12,897	373
Deferred income tax assets	**854,607**	850,965	854,607	864,951	884,244
Total assets	**44,981,305**	38,371,700	29,278,017	23,334,026	19,109,980
Liabilities					
Balance due to banks	**1,120,306**	910,963	718,804	579,861	639,306
Commercial notes	**9,672,506**	7,060,371	5,598,090	4,926,881	2,974,143
Trade and other payables	**6,621,125**	5,300,648	3,261,843	2,004,314	2,427,589
Current income tax liability	**139,275**	102,392	464,216	212,216	208,808
Borrowings	**18,125,421**	16,699,543	13,356,957	9,663,465	7,654,602
Retirement benefits obligation	**33,899**	37,024	47,989	35,238	24,288
Deferred income tax liability	**168,082**	167,732	141,125	107,409	62,802
Total liabilities	**35,880,614**	30,278,673	23,589,024	17,529,384	13,991,538
Equity					
Share capital	**808,505**	808,505	808,505	808,505	808,505
Share premium	**679,526**	679,526	679,526	679,526	679,526
Deposit for shares	**2,283,312**	2,466,012	2,453,528	2,091,430	1,937,850
Statutory reserve	**1,121,580**	1,039,228	829,325	722,521	572,935
Statutory credit reserve	**160,600**	626,343	613,725	262,799	48,447
Retained earnings	**1,960,108**	511,859	(54,767)	388,405	509,704
Foreign currency translation reserve	**1,126,805**	1,097,318	(393,369)	204,342	30,327
AFS fair value reserve	**5,288**	(848)	(5,513)	(5,163)	4,394
Revaluation reserve	**683,400**	643,246	581,094	484,903	395,882
	8,829,124	7,871,189	5,512,054	5,637,268	4,987,570
Non-controlling interest	**271,567**	221,838	176,939	167,374	130,872
Total equity	**9,100,691**	8,093,027	5,688,993	5,804,642	5,118,442
Total liabilities and equity	**44,981,305**	38,371,700	29,278,017	23,334,026	19,109,980

FINANCIAL SUMMARY - GROUP

31 DECEMBER	**2017**	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**21,371,697**	17,015,799	14,577,657	13,883,942	12,299,459
Operating income	**21,371,697**	17,015,799	7,351,019	7,378,260	12,299,459
Operating expenses	**(14,002,757)**	(11,304,440)	(2,713,031)	(3,288,141)	(8,567,268)
Net operating income	**7,368,940**	5,711,359	4,637,988	4,090,119	3,732,191
Impairment charge	**(235,325)**	(604,798)	(130,020)	52,985	(2,358)
Depreciation expenses	**(3,037,925)**	(2,147,560)	(1,968,852)	(1,606,265)	(1,361,117)
Personnel expenses	**(1,227,219)**	(788,638)	(762,388)	(713,699)	(753,752)
Other operating expenses	**(1,591,105)**	(1,134,140)	(1,311,089)	(1,411,334)	(1,310,441)
Profit/(loss) before tax	**1,277,366**	1,036,224	465,639	411,806	304,523
Income tax expense	**(162,783)**	(115,357)	(316,871)	(233,739)	(142,926)
Profit/(loss) after tax	**1,114,583**	920,867	148,768	178,067	161,597
Profit/(loss) attributable to:					
Owners of the parent	**1,064,854**	875,968	139,203	170,246	183,459
Non-controlling interest	**49,729**	44,899	9,565	7,821	(21,862)
	1,114,583	920,867	148,768	178,067	161,597
Earnings/(loss) per share in kobo (basic)	**65.85**	54.17	8.61	19	11

FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Assets					
Cash and balances with banks	**466,607**	255,259	657,616	392,446	820,466
Loans and receivables	**334,507**	226,512	471,528	743,985	2,530,000
Trade and other receivables	**5,302,008**	4,856,190	11,945,566	7,354,182	2,700,137
Due from related companies	**8,685,454**	7,768,864	-	-	-
Finance lease receivables	**1,508,560**	1,724,539	1,919,164	2,099,601	2,069,810
Available for sale financial assets	**26,180**	20,044	15,379	15,729	25,282
Investments in subsidiaries	**758,967**	758,967	1,458,967	1,458,967	1,605,155
Investment in joint ventures	**52,634**	-	-	-	-
Other assets	**4,819,250**	3,549,525	153,703	57,784	73,582
Inventories	**512,378**	704,736	62,992	30,466	-
Operating lease assets	**4,764,100**	5,124,241	5,384,311	5,710,877	6,148,729
Property, plant and equipment	**1,186,743**	1,144,951	1,094,794	1,060,541	1,011,388
Intangible assets	**8,855**	24,472	34,321	145,365	33,187
Deferred income tax assets	**854,607**	854,607	813,120	813,120	813,120
Total assets	**29,280,850**	27,012,907	24,011,461	19,883,063	17,830,856
Liabilities					
Balance due to banks	**1,062,622**	803,740	677,208	579,839	590,121
Commercial notes	**9,643,606**	7,337,187	5,587,884	4,914,135	2,967,907
Trade and other liabilities	**5,957,998**	4,669,794	3,041,772	1,657,673	1,237,508
Current income tax liability	**139,275**	102,393	440,816	201,815	191,822
Borrowings	**6,444,123**	8,377,788	7,610,963	6,147,986	6,801,489
Retirement benefit obligations	**33,899**	37,024	47,989	35,238	24,288
Total liabilities	**23,281,523**	21,327,926	17,406,632	13,536,686	11,813,135
Equity					
Share capital	**808,505**	808,505	808,505	808,505	808,505
Deposit for shares	**2,283,312**	2,466,012	2,453,528	2,091,430	1,937,850
Share premium	**679,526**	679,526	679,526	679,526	679,526
Statutory reserve	**733,555**	651,203	651,203	608,294	510,952
Statutory credit reserve	**147,842**	613,585	597,077	246,151	31,799
Retained earnings	**657,899**	(176,753)	1,223,732	1,594,561	1,648,813
Foreign currency translation reserve	-	-	(384,323)	(161,830)	-
AFS fair value reserve	**5,288**	(848)	(5,513)	(5,163)	4,394
Revaluation reserve	**683,400**	643,751	581,094	484,903	395,882
Total equity	**5,999,327**	5,684,981	6,604,829	6,346,377	6,017,721
Total liabilities and equity	**29,280,850**	27,012,907	24,011,461	19,883,063	17,830,856

FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**16,314,946**	14,511,291	12,847,336	12,458,699	10,239,813
Operating income	**16,314,946**	14,511,291	12,847,336	12,458,699	10,239,813
Operating expenses	**(12,414,006)**	(11,633,297)	(9,422,781)	(9,486,119)	(7,310,123)
Net operating income	**3,900,940**	2,877,994	3,424,555	2,972,580	2,929,690
Impairment charge	**(235,325)**	(604,798)	(129,237)	(10,640)	35,652
Depreciation expenses	**(814,978)**	(556,472)	(1,174,806)	(1,102,822)	(1,070,107)
Personel expenses	**(888,042)**	(714,557)	(647,069)	(595,731)	(584,942)
Other operating expenses	**(1,440,388)**	(963,785)	(1,067,609)	(754,419)	(951,989)
Loss on disposal of subsidiary	**-**	-	-	(1,667)	-
Profit before tax	**522,207**	38,382	405,834	507,301	358,304
Income tax expense	**(70,949)**	(48,592)	(262,803)	(182,830)	(72,990)
Profit after tax	**451,258**	(10,210)	143,031	324,471	285,314
Profit attributable to:					
Owners of the parent	**451,258**	(10,210)	**143,031**	**324,471**	**285,314**
	451,258	(10,210)	**143,031**	**324,471**	**285,314**
Earnings per share in kobo (basic)	**27.91**	(0.63)	8.85	20	4

NOTE

Affix Current Passport (To be stamped by Bankers)

Write your name at the back of your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Instructions **Only Clearing Banks are acceptable**

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar
Centurion Registrars
33C, Cameron Road,
Ikoyi
Lagos State

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number	
Bank Name/ Account No.	
Account Opening Date	

Shareholder Account Information

SURNAME | **FIRSTNAME**

OTHER NAMES

ADDRESS

CITY | **STATE** | **COUNTRY**

PREVIOUS ADDRESS (IF ANY)

CHN (IF ANY)

MOBILE TELEPHONE 1 | **MOBILE TELEPHONE 2**

EMAIL ADDRESS

SHAREHOLDERS' SIGN | **COMPANY SEAL (IF ANY)**

JOINT\COMPANY'S SIGNATORIES | **Authorised Signatory & Stamp of Banker**

TICK	NAME OF COMPANY	SHARE A/C NO.(S)
	DIAMOND BANK PLC	
	C & I LEASING PLC	
	LINKAGE ASSURANCE PLC	
	VITAL PRODUCTS LTD	
	NIGERIAN WIRES INDUSTRIES	
	UNION DICON SALT PLC	

Help Desk: customercare.centurionregistrars.com
Centurion Registrars Limited, 33C Cameron Road, Ikoyi, Lagos. Tel no: +234-01-2902996, 4663631, 4543311, 07045355922

web: www.centurionregistrars.com // e-mail: customercare@centurionregistrars.com

Proxy Form

THE 27TH ANNUAL GENERAL MEETING OF C&I LEASING PLC WILL HOLD ON THURSDAY, 26TH APRIL, 2018 AT 11.00 AM PROMPT AT THE RED CARPET HALL AT NO. 9 CHIEF YESUF ABIODUN WAY, CITY OF DAVID ROAD, ONIRU, VICTORIA ISLAND, LAGOS.

I/We ....

....

(Name of shareholder(s) in block letter)

Being member/members of C&I Leasing Plc, hereby appoint** ....

....

or failing him Chief Chukwuma Henry Okolo or failing him, Mr. Chukwuemeka E. Ndu or failing him the Chairman of the meeting as my proxy to act and vote for me/us on our behalf at the Annual General Meeting of the Company to be held on the 26th day of April, 2018 at 11:00 a.m. and at any adjournment thereof:

Dated this .... day of 2018

Signature(s) of Shareholder(s) ....

Please indicate with an "X" in the appropriate space how you wish your votes to be cast in resolutions set out below

RESOLUTIONS	FOR	AGAINST
To receive and consider the Financial Statements for the year ended 31st December, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.		
To re-elect Mr Ikechukwu Duru as a director		
To re-elect Mr Omotunde Alao-Olaifa as a director		
To elect Mr Alexander Okwuchukwu Mbakogu as a director		
To authorize the Directors to fix the remuneration of the Auditors.		
To elect members of the Audit Committee for the ensuing year.		

....

BEFORE POSTING THE ABOVE FORM, TEAR OFF THIS PART AND RETA IN FOR ADMISSION TO THE MEETING

ADMISSION CARD

Name of Shareholder (in block letters) ____

(Surname) (Other names)

Number of Shares ____________________

IMPORTANT INFORMATION

A member who is unable to attend this Annual General Meeting is allowed by law to vote on a poll or by a proxy. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

Following the normal practice, the na mes of two Directors of the Company have been entered on the form to ensure that someone will be at the meeting to act as your proxy but if you wish, you may insert in the blank space on the form (marked **) the na me of any person, whether a member of the company or not, who will attend the meeting and vote on your behalf instead of one of the Directors.

A completed proxy form must be stamped with the Federal Inland Revenue Service and forwarded to the company at its registered address at No 2, C&I Leasing Drive, Off Durosinmi-Etti Drive, Lekki Phase One, Lagos State, not later than 48 hours before the time for holding the meeting. If executed by a corporate body, the proxy form should be sealed with the common seal of the corporate b ody.

This admission card must be produced by the Shareholder or his proxy, who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.

Signature of person attending: ....