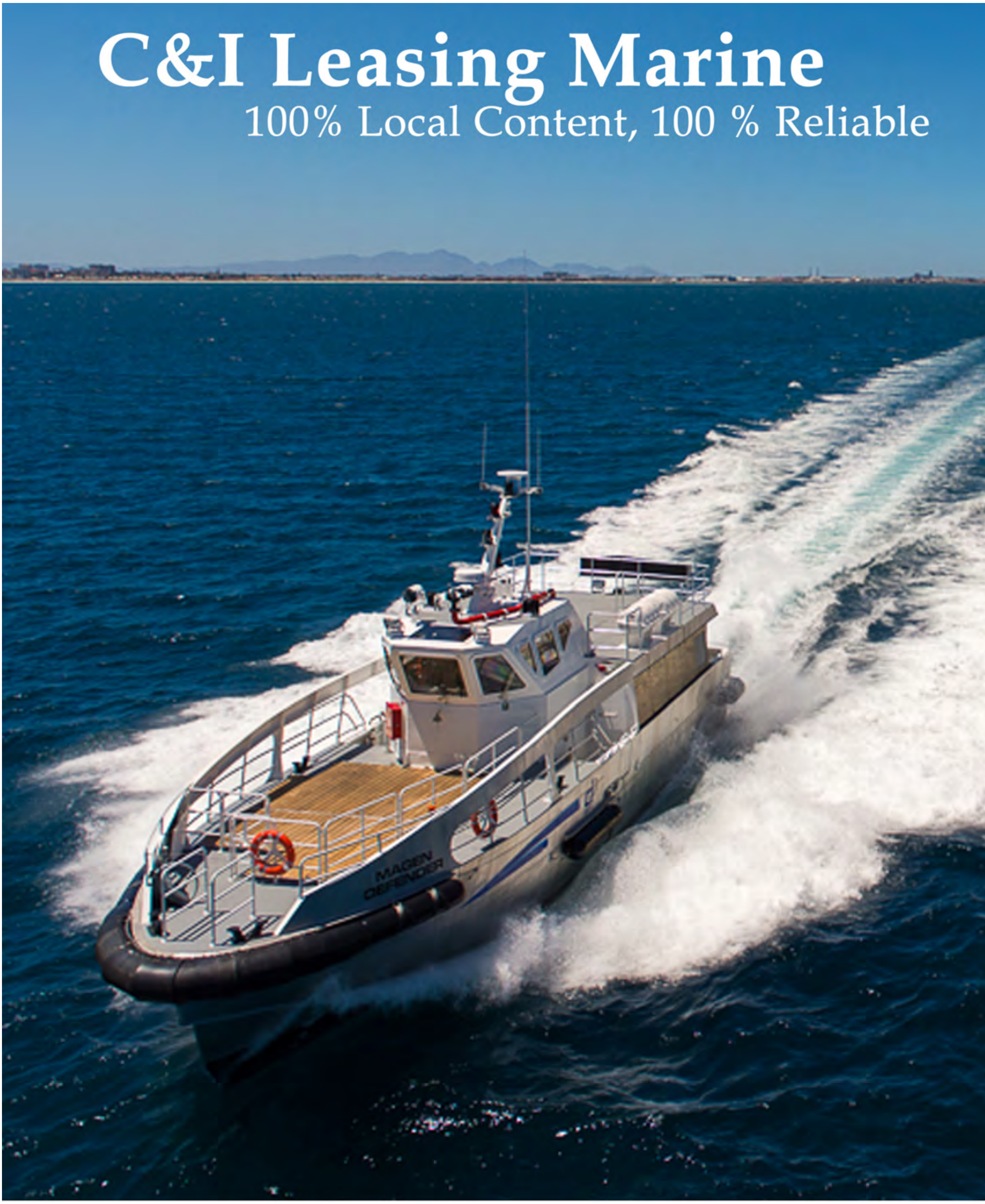
C&I LEASING PLC ANNUAL REPORTS 2013



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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.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of members of the Company will hold at Agip Hall, The MUSON Center, 8/9 Marina, Onikan, Lagos on Thursday, August 14, 2014 at 11:00 am prompt to transact the following:

Ordinary Business

1. To receive the audited financial statements for the year ended 31st December 2013 together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To elect/ re-elect retiring directors.
4. To approve the remuneration of the directors.
5. To authorize the directors to fix the remuneration of the auditors.
6. To elect members of the Audit Committee for the ensuing year accordingly.

Special Business

To consider and if thought fit, pass with or without modification (s) the following as special resolutions:

7. That the amendment of the subscription agreement between the company and Aureos Africa Fund (AAF) to facilitate the conversion of loan stock to be converted at the current market price on the date of the conversion, currently 50k per share, rather than the rate provided in the agreement which would give an effective conversion of N1.05 per share be and is hereby approved;

8. That the 1,617,010,000 shares of 50k each in the capital of the company be and is hereby consolidated into 202,126,250 ordinary shares of 50k each by the cancellation of 1,414,883,750 ordinary shares of 50k each;

9. That the allotment of restructured shares to shareholders whose names appear in the register of members as fully paid in ratio of 1 (One) NEW Ordinary share for 8 (Eight) OLD Ordinary shares held be and is hereby approved;

10. That the sum of N707,441,875 representing the surplus nominal value arising from the share reconstruction exercise be and is hereby transferred to the Capital Reserve Account and form part of the shareholders' funds of the company;

11. That the restructured 202,126,250 ordinary shares of 50k each be and is hereby re-valued to ensure that there is no loss of value to shareholders as a result of share reconstruction, subject to appropriate regulatory consents, and be listed on the Floor of the Nigerian Stock Exchange (NSE);

12. That the company be and is hereby authorized to raise additional equity capital through a Public Offer / Rights Issue upon such terms and conditions as the Directors may deem fit in the interest of the company for the purpose of strengthening the company's capital base;

13. That the company be and is hereby authorized to dispose of the company's 76% equity investment in its subsidiary, Citrans Global Limited, by selling it to the management of the entity at par value of the investment ; and

14. That the Directors be and are hereby authorized, subject to the approval of the appropriate regulatory authorities, to take all such incidental, consequential and supplemental actions and to execute all requisite documents as may be necessary to give effect to the above resolutions.

Notes

1. Proxies

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. Proxies need not be member of the Company. 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.

2. Closure of Register of Members

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 Monday, 11th August, 2014 to Friday, 15th August, 2014 both days inclusive.

3. Re-election of Director over 70 years

Special Notice is hereby given that AVM A. D. Bello (Rtd) GCON CFR who is 70 years of age will be proposed for re-election as Director pursuant to Section 256 of the Companies and Allied Matters Act, 1990.

4. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, 1990, 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.

5. Dividend

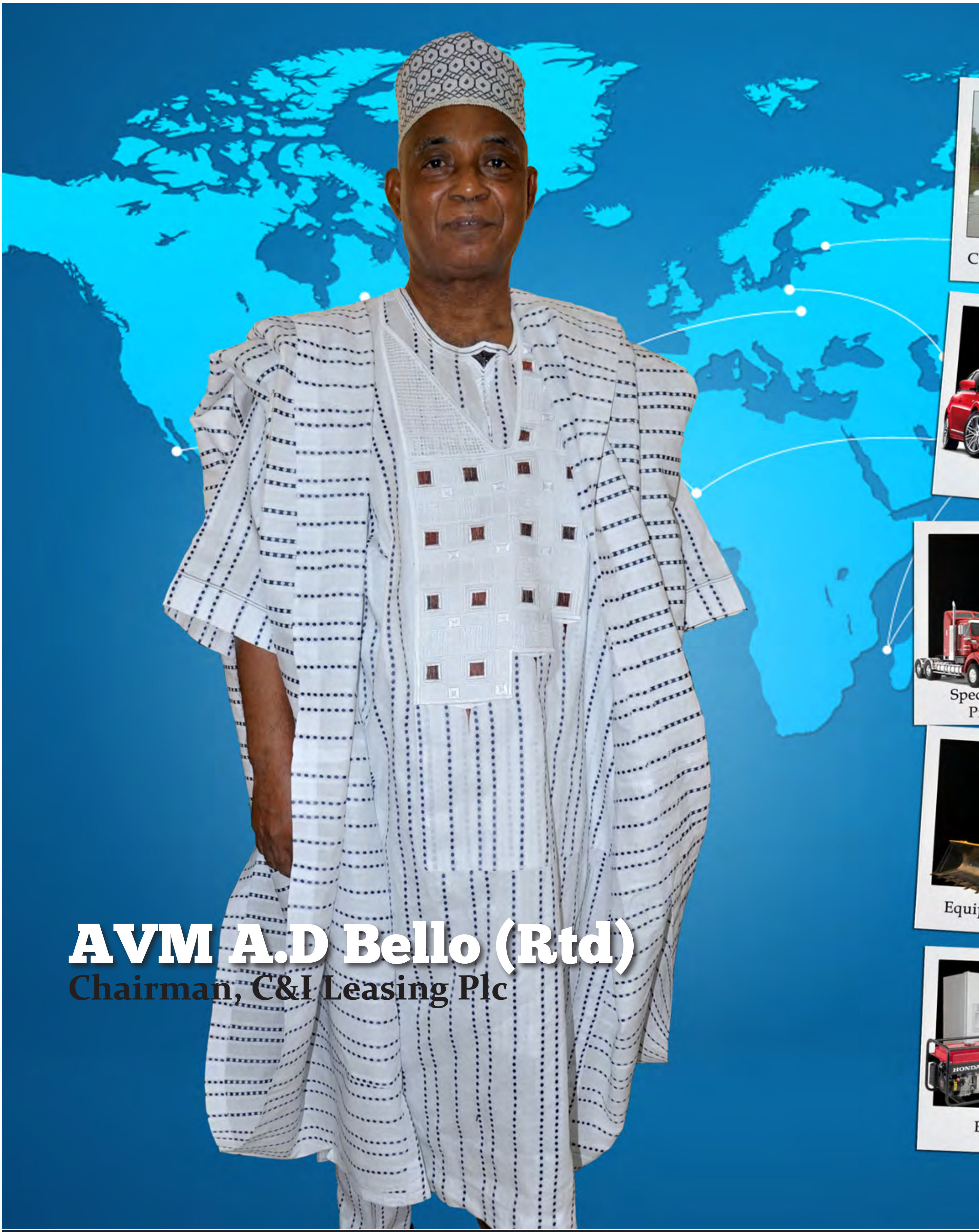
If the dividend of 4 kobo per share recommended by directors is approved by members at the Annual General Meeting, warrant will be posted on the 18th day of August, 2014 to members whose name appear in the Register of Members at the close of business on 8th August, 2014.

Dated the 9th day of July, 2014
BY ORDER OF THE BOARD

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

CHAIRMAN's STATEMENT

CHAIRMAN'S STATEMENT



AVM A.D Bello (Rtd)
Chairman, C&I Leasing Plc

> "C&I Leasing posted impressive organic growth in terms of earnings, profitability and assets quality."

Fellow Shareholders, Distinguished Guests, Gentlemen of the press, Distinguished Ladies and Gentlemen, it gives me great pleasure to welcome you, on behalf of the Board of Directors, to the 23rd Annual General Meeting of C&I Leasing Plc. I am particularly delighted to welcome you once more as the Chairman, Board of Directors of our great company, a company whose track record engenders joy and pride in every heart.

Dear Shareholders, we have not let you down in the last 12 months and we will not let you down in the years ahead and it is on this note that I present before you the Annual Report and the Financial Statements of your Company for the financial year ended 31st December 2013.

THE GLOBAL ECONOMY

The global economy continues to grow at modest pace. Growth averaged 2.5 per cent in first half of 2013, same as in the second half of 2012. While parts of the Euro zone moved out of recession, US remain sub-par; growth in emerging markets and developing economies was somewhat more modest than in the previous years.

The economy in Europe contracted slightly in 2013. The banking crisis in Cyprus caused uncertainty at the beginning of the year. The Euro zone showed positive economic growth starting in the second quarter, driven by increased exports, consumer spending and capital expenditure. However, these favorable trends were mitigated by structural adjustments and public sector budget consolidation in many countries-measures that began during the Euro and sovereign debt crisis. As a result, the economies in Southern Europe continued to decline year-on-year, though more slowly than before.

CHAIRMAN'S STATEMENT

The German economy has recovered, recording the strongest growth within the euro zone. This trend was primarily the result of initial increases in capital spending and foreign demand flanked by the expansionary monetary policy and low interest rates. The economy in the United States grew slightly in 2013. Growth was driven mainly by consumer spending which as a result of the positive labour market trend. Public spending cuts and the budget dispute in the fall depressed growth. In Japan, a change in monetary policy led to growth in particular in the first half of 2013. The weak yen also fuelled rising exports, and positive economic development. The growing budget deficit had a negative impact. Growth in China declined again slightly in 2013 versus the previous year. The decrease was due to weaker demand for Chinese products abroad and uncertainty relating to the Chinese central bank's tighter monetary policy. The situation in the other emerging markets was mixed. Growth was flat compared with previous year in India and declined in most of the remaining emerging markets in South East Asia.

In total, the emerging and developing markets grew at 5 percent in 2013, down from 5.5 per cent in 2012. This is still almost five times the growth performance of mature economies. However, the growth gap between mature economies and emerging economies is gradually narrowing. This is a healthy development for sustainability of global economic growth in going forward, and part of the process of global rebalancing of economic activity that has gradually evolved in recent years and will likely to continue for the next 5 years or more.

THE NIGERIAN ECONOMY

The performance of the Nigerian economy, in terms of growth in gross output, remained largely robust compared to major emerging markets and developing economies. The Nigerian economy ranked third after China and Philippines which grew by 7.8 per cent and 7.0 per cent respectively, in Q3 2013. The economy rebounded in the third quarter of the 2013 fiscal year, as GDP grew by 6.81 per cent, after slowing down in the first and second quarters. The growth in GDP in Q3 2013 was 33 basis points higher than the 6.48 per cent posted in the corresponding quarter of 2012.
According to National Bureau of statistics, the real GDP growth rate increased from 6.58 per cent in 2012 to 7.67 per cent in 2013 .The non-oil sector, however, remained the only positive driver of the growth as the contribution from oil sector declined on year-on-year basis for four consecutive quarters up to Q3 2013. The growth drivers in the non-oil sector remained agriculture, telecommunications, wholesale and retail trade with each contributing 31.8 per cent, 24.9 per cent and 24 per cent respectively to growth in GDP in Q3 2013.

Headline inflation remained in single digit throughout 2013 from 9.0 per cent in January to 8.0 per cent in December 2013 despite increased spending on national security and increase tariff and levy on some imported food materials. However, we expect resumption in inflationary pressure in 2014 given the expected loose fiscal position associated with pre-election spending.

Notwithstanding favourable international oil price, Nigeria's stock of foreign reserves declined steadily in half year 2013 on account of the CBN's adherence to the Naira. External reserves tumbled by 10.74 percent from a year high of $48.86 billion, attained in May, to close at $43.61 billion in December 2013.This fall in the reserves level, according to the Monetary Policy Committee (MPC) of the Central Bank of Nigeria arose largely from a slowdown in portfolio and Foreign Direct Inflow (FDI) flows in the last quarter 2013 resulting in increased funding of the foreign exchange market by the CBN to stabilize the currency. We, however, foresee a further slide in the value of the naira in 2014.

Public debt stock rose by 10.1 per cent as at Q3 2013 to N8.3 billion from N7.6 billion in December 2012. In line with Federal government's debt management strategy, growth in public debt between Q1 and Q3 2013 was skewed towards external borrowing. During the period, domestic debt –to-total debt ratio declined by 200 basis points from 86.5 per cent in December 2012 to 84.5 per cent in Q3 2013. While, external debt grew by 26.6 per cent, domestic debt grew marginally by 7.6 per cent. We expect growth in public borrowing to continue in this trend in 2014 on the back of cheaper cost of external financing.

The volatility in the interbank market persisted for most part of 2013. Interbank rates remained high, generally, in 2013 on account of CBN's aggressive monetary policies with its increase in cash reserve ratio (CRR) on public sector deposits from 12 per cent to 50 per cent and debit for the Asset Management Corporation of Nigeria's (AMCON) sinking fund levy. Interest rates in all segments of the financial market responded to this in various ways.

CHAIRMAN'S STATEMENT

During the period under review, the capital market continued its surge which started in 2012, with the equities market providing the lead. While, trading activities and market capitalization reached its highest in five years (2013: N 12.9 billion; 2008: N 12.6 billion), the NSE All Share Index's (ASI) 35.5 per cent growth in 2012 pales in comparison with the 47.2 per cent upside recorded in 2013. We expect improved corporate earnings and dividends to further drive activities in the equities market, although increased skewness in the asset allocation to the bond sector will provide some headwinds.

FINANCIAL RESULTS

Despite a challenging operating environment in 2013, C&I Leasing posted organic growth in terms of earnings, profitability and assets quality. Our continued focus on efficiency across our diversified platform is bearing fruit especially on our core businesses rather than growth in revenues.

Growth was achieved in our core businesses as reflected in the performance of Leasafric Ghana and the parent company. The gross earnings for the company and the group increased by 1.5 per cent and 6 per cent from N10.1billion and N11.8billion in 2012 to N10.2 billion and N12.4 billion in 2013 respectively. Profit before tax for the company and the group grew from N236 million and N181 million in 2012 to N358 million and N305 million in 2013 representing an increase in growth of 52 per cent and 69 per cent respectively.

Shareholders' Funds and Total Assets for the company increased by 7 per cent and 3 per cent from the preceding year of 2012 to N6 billion and N20.7 billion respectively in 2013, while the Group also recorded a growth of 4 per cent and 2 per cent from the preceding year of 2012 to N5.1 billion and N21.9 billion in 2013 for the Shareholders' Fund and Total Assets respectively.

It is noteworthy that our results were significantly impacted negatively by losses from the subsidiary companies of Citrans Global Limited and C & I Motors. We have therefore proposed to divest completely our interest in Citrans Global Limited while we continue to re-evaluate our investment in C&I Motors because of its synergistic relationship with our fleet management business operation.

LOOKING FORWARD

We are determined in delivering cost and operational efficiencies for the benefits of both the shareholders and customers, while still maintaining high level of service delivery and innovation. In other words, we will continue to invest in the future, grow our market share and strategically focus on identified markets with strong growth prospects.

We are confident that 2014 will be another year of progress and that the measures we are taking will further strengthen and develop C&I Leasing to the benefit of all stakeholders. To make this a reality, we are taking a number of steps designed to position the company on a firmer footing. These steps include:

- The impact of the new subsidiary, EPIC International FZE, registered in the United Arab Emirates, to take advantage of cheaper sources of financing available internationally for financing our offshore vessel support business. The first four vessels acquired by Epic commenced business operations in March and April 2014.
- The disposal of the Company's investment in its taxi services company, Citrans Global Limited to a team led by the Management of Citrans,
- The conversion of the convertible notes issued in 2010 to ordinary shares,
- The raising of additional equity to enable the company take advantage of emerging opportunities.
- The appropriate resolutions, where required, are being tabled before you today for approval.

DIVIDEND

In accordance with our tradition of creating value for shareholders, the Board of Directors has recommended a total dividend payout of N83, 543,600.00 representing a distribution of 4 kobo for every 50 kobo shares held. Subject to your approval, the dividend will be paid on the 18th August, 2014

Thanks and God Bless you all.

AVM (Rtd.) Abdul D. Bello, GCON, CFR
Chairman, C&I Leasing Plc

Mr. S. Ugboma, Mr. O. Alao-Olaifa, Princess (Mrs) N.U.I Uche, Mr. A. Otike Odibi, AVM A.D Bello (Rtd)

Board of Directors

Mr. Sule Ugboma
Director, C&I Leasing Plc

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. He is also a Director in several companies in Nigeria.

Mr. Omotunde Alao-Olaifa
Director, C&I Leasing Plc

Tunde Alao-Olaifa is an Associate Director at Leadway Assurance Company Limited with particular focus on Proprietary Investment and Unquoted assets. In addition to his investment function, he is also tasked with managing the firm's Corporate Finance, He graduated from University of Ibadan with a degree in Political Science and an MBA from Pan Atlantic University (Lagos Business School).

Princess Mrs. N. U. I. Uche
Director, C&I Leasing Plc

Princess Mrs. N.U.I Uche is a fellow of the Institute of Chartered Accountants of Nigeria, a Certified Information Systems Auditor certified in Risk and Information Systems Control, and an Associate member of the Chartered Institute of Taxation of Nigeria. She holds a B. Sc Honours Degree in Accounting from the University of Lagos (1982), was trained in the firm of Akintola Williams Deloitte before joining OUT Consulting limited where she is the principal Consultant.

Mr. Andrew Otike-Odibi
Exec. Director, C&I Leasing Plc

Mr. Andrew Otike-Odibi is a chartered Accountant. 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

Air Vice-Marshall A. D. Bello
Chairman, C&I Leasing Plc

AVM A. D. Bello (Rtd) joined the Nigerian Air Force in 1963 and retired in 1983 as Chief of Air Staff. He was the Chairman of NAL Merchant Bank Limited (now part of Sterling Bank Plc) from 1986 to 1991 and a Director of DHL International Nigeria Ltd from 1995 - 2003. AVM Bello (Rtd.) is currently a Chairman or Director in several companies including the Nigerian subsidiary of Dornier AEIP.

Mr. I.K Duru, Chief C.H Okolo, Mr. Emeka Ndu, Mr. Larry Ademeso, Mr. Jacob Kholi

Mr. Ikechukwu Duru
Director, C&I Leasing Plc

Mr. Duru is presently a General Manager in Credit Alliance Financial Services Limited. He holds an MBA from the University of Lagos (1998) and is a member of both the Chartered Institute of Stockbrokers (2003) and the Nigerian Institute of Taxation (2001).

Chief Henry C. Okolo
Vice Chairman, C&I Leasing Plc

Chief Henry Okolo is a Chartered Accountant and the Chief Executive Officer of Dorman Long Engineering Limited. He holds a B.Sc. in Accounting from the University of Nigeria, Nsuka (1978). Chief Okolo was the immediate past coordinator of the West African Enterprise Network (Nigerian Chapter) from 1995 – 1997 and the Vice Chairman of the Nigerian Economic Summit Group.

Mr. Emeka Ndu
GMD C&I Leasing Plc

Mr. Emeka Ndu, a Chartered Accountant and Group Managing Director of C&I Leasing Plc, was until June 2000 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.

Mr. Larry O. Ademeso
Director, C&I Leasing Plc

Mr. Larry O. Ademeso is currently the MD/CEO of Custodian Life Assurance Ltd. Prior to his present position, he was the MD/CEO of Royal Exchange Prudential Life Plc. from 2009 - 2011 and joined the Crusader Group as the MD/CEO of the Crusader Life Assurance Ltd. Mr. 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

Mr. Kholi, Jacob Kwame
Director C&I Leasing Plc

Mr. Kholi is a graduate of Accounting from the University of Ghana (1989), He is a member of Institute of Chartered Accountants of Ghana (1995). He joined Venture Fund Management Company (Now Aureos Ghana Advisers Ltd.) and is currently a Managing Partner (West Africa). He is also a Director in several companies in Nigeria.

THE REPORTS OF THE DIRECTORS

The Directors are pleased to present their annual report on the affairs of C & I Leasing Plc ('the company') and its subsidiaries (together 'the Group'), together with the financial statements and auditors' report for the year ended 31st December 2013.

LEGAL FORM

C & I Leasing Plc was incorporated under the Companies and Allied Matters Act as a private limited liability company on 28th December, 1990 and commenced operation on 26th June, 1991. It was licensed by the Central Bank of Nigeria as a finance company to provide operating and finance leases and other ancillary services to the public. The Company was converted into a public limited liability company in 1997 and has its shares listed on the Nigerian Stock Exchange in December 1997.

The company which is wholly owned by a number of institutional investors and individuals has considerably diversified and currently has the following subsidiaries as at year end with the following ownership structures:

C & I Motors Limited –	100% owned
Citrans Global Limited –	76.67%
Leasafric Ghana Limited –	85.03%
Epic International FZE –	100% owned

PRINCIPAL ACTIVITIES

The Company's principal activities remained providing transportation logistics solutions in the form of car and marine vessel rental, fleet management and automobile distribution through its main operating entity and its subsidiaries. C & I Leasing is managed along four business units, namely: Hertz/Fleet Management, Marine Services, Financial Services and Personnel Outsourcing unit.

Hertz/Fleet management (Light and Heavy Duty Equipment)

The unit primarily comprises of Hertz car rental, light fleet management and Heavy Duty Automobiles and has experienced considerable growth over the last few years by providing short and long term rental needs to large corporations and individuals. There is still growing demand for this product.

Marine Services

In order to take advantage of the opportunities in the Nigerian local content law, the unit has been restructured to offer wide range of marine services to both onshore and offshore terminals. These services include Line and Hose Handling, Berthing and Escort Services, Mooring Support, Fire-fighting, Pollution Control, Security and Floating and Self-elevating Platforms. Through competitive bidding, the company has been awarded another contract from Shell and NLNG for provision of four patrol boats in the Bonny terminal effective March 2014.

Personnel Outsourcing

The unit provides companies with training, personnel outsourcing and human resource consultancy services and has consistently contributed close to fifty per cent of the company's gross revenue with higher prospect in the coming years.

Financial Services

The unit is primarily structured to provide household and equipment leases to high net worth individuals and corporate bodies. This provision has however been broaden to include support to the growth of the company's automobile distribution network and other emerging opportunities in the leasing business.

OUR SUBSIDIARY COMPANIES

Presently, the company has four subsidiary companies namely:

C&I Motors Limited

C & I Motors was incorporated as a private limited company on 12th June 2007 and commenced operations on 23rd April 2008. The Company is the sole distributor of Suzuki vehicles in Nigeria and its principal activities include importation of brand new Suzuki vehicles, spare parts distribution, marketing and after sales support services for Suzuki brand of cars in Nigeria. The potentials of this business have been limited by the harsh economic climate in the country and access to long-term credit facilities. With the current uncertainty surrounding the automotive policy of the Federal Government of Nigeria, C & I Motors is re-strategizing by focusing more on income from workshop and sales of spare parts.

THE REPORTS OF THE DIRECTORS

Citrans Global Limited

Citrans Global Limited, the operator of Red Cab, commenced operation in May 2009. Its services include but not limited to the provision of modern taxi, mobile advertisement and tracking services to various individual and companies. The business has however been bedeviled by lack of spare parts and maintenance related issues. Subsequently, we are proposing to sell our investment in the subsidiary to the management of Citrans so that we can focus more on our core activities.

Leasafric Ghana Limited

Leasafric was incorporated as a leasing company to provide finance leases to individuals and companies in Ghana. The performance during the year has been remarkable and has gone a long way to boost the bottom line of the Group.

Epic International FZE

Epic International FZE was incorporated on 15th June 2011, as a free zone establishment in United Arab Emirates and licensed to trade in ships, its parts, component and automobile. Business activity commenced in March 2014 with the delivery of the first two vessels owned by Epic.

OPERATING RESULTS

The Gross earnings of the Group and the Profit Before Tax increased by 6% and 57% respectively. Highlights of the Group's operating results for the year under review are as follows:

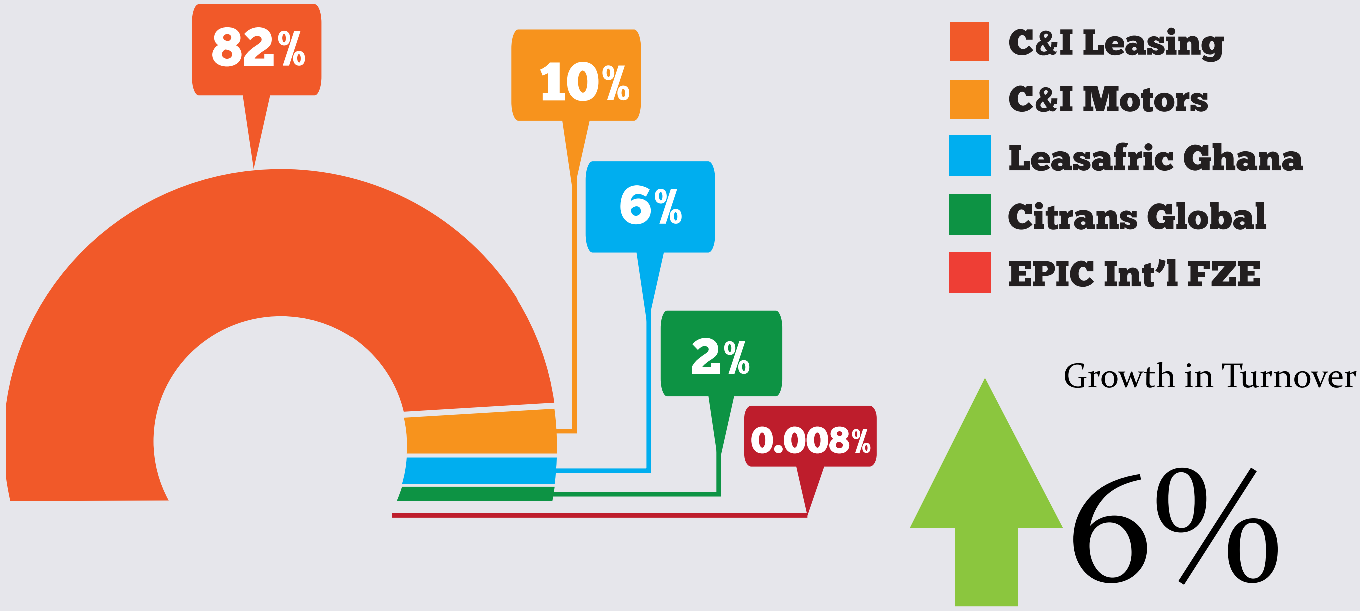
C & I LEASING - GROUP

	GROUP			COMPANY		
	12 Months to 31-Dec-13 N'000	11 Months to 31-Dec-12 N'000	% Change	12 Months to 31-Dec-13 N'000	11 Months to 31-Dec-12 N'000	% Change
Profit before Tax	**304,523**	**180,623**	**69%**	**358,304**	**235,979**	**52%**
Taxation	(142,926)	72,277	-298%	(72,990)	74,749	-198%
Profit after Taxation	**161,597**	**252,900**	**-36%**	**285,314**	**310,728**	**-8%**
Profit attribuatble to :						
Owners of the parent	**183,459**	**253,962**	-28%	**285,314**	**310,728**	**-8%**
Non-controlling interests	**(21,862)**	**(1,062)**	1959%	-	-	-
	161,597	**252,900**	-36%	**285,314**	**310,728**	-8%
Appropriation:						
Transfer to statutory reserve	**112,403**	**121,438**	**-7%**	**85,593**	**93,218**	**-8%**
Transfer to statutory credit rese	**31,799**	**-**	**100%**	**31,799**	**-**	**100%**
Transfer to retained earnings	**39,257**	**132,524**	**-70%**	**167,922**	**217,510**	**-23%**
	183,459	**253,962**	**-28%**	**285,314**	**310,728**	**-8%**
Earnings Per Share (EPS)	**11**	**16**	**-31%**	**18**	**19**	**-5%**
Shareholders Fund	**5,118,442**	**4,920,063**	**4%**	**6,017,721**	**5,625,321**	**7%**

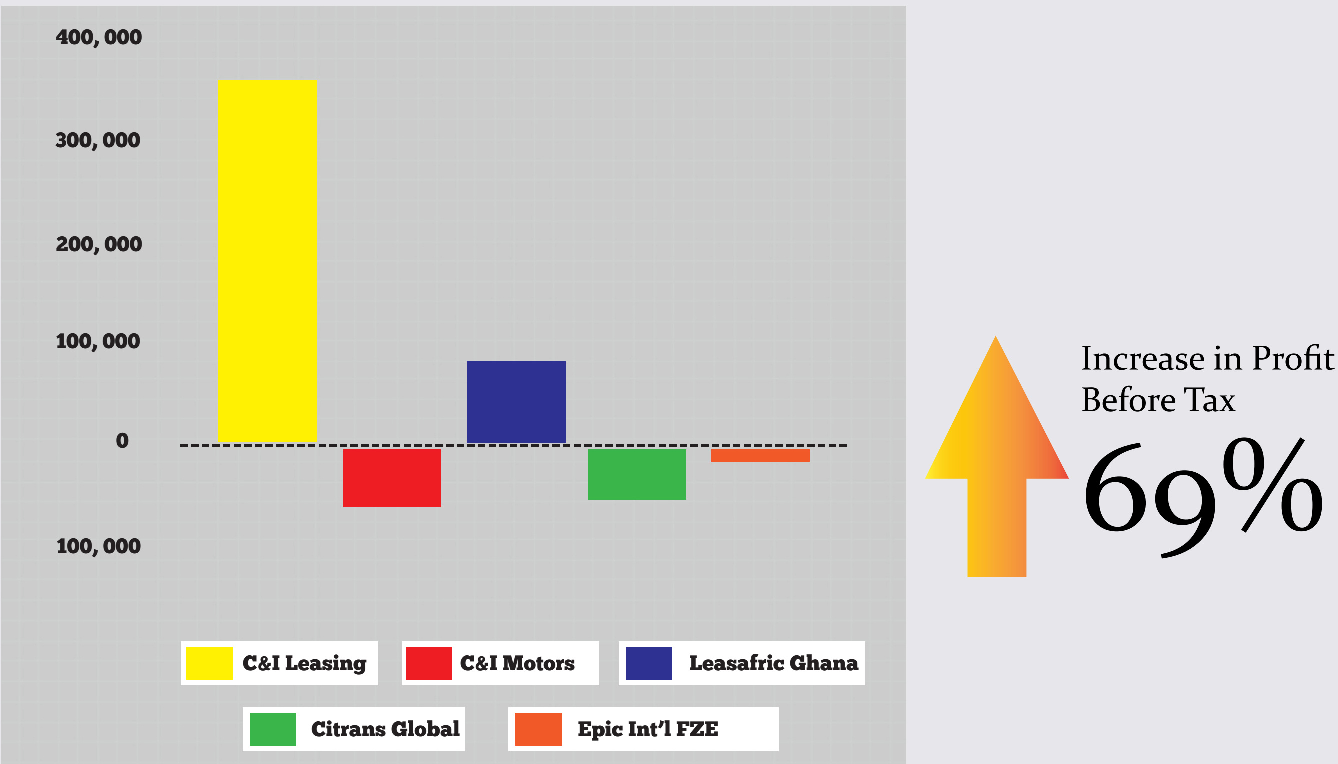
THE REPORTS OF THE DIRECTORS

Group's position – December 2013

Gross Earnings



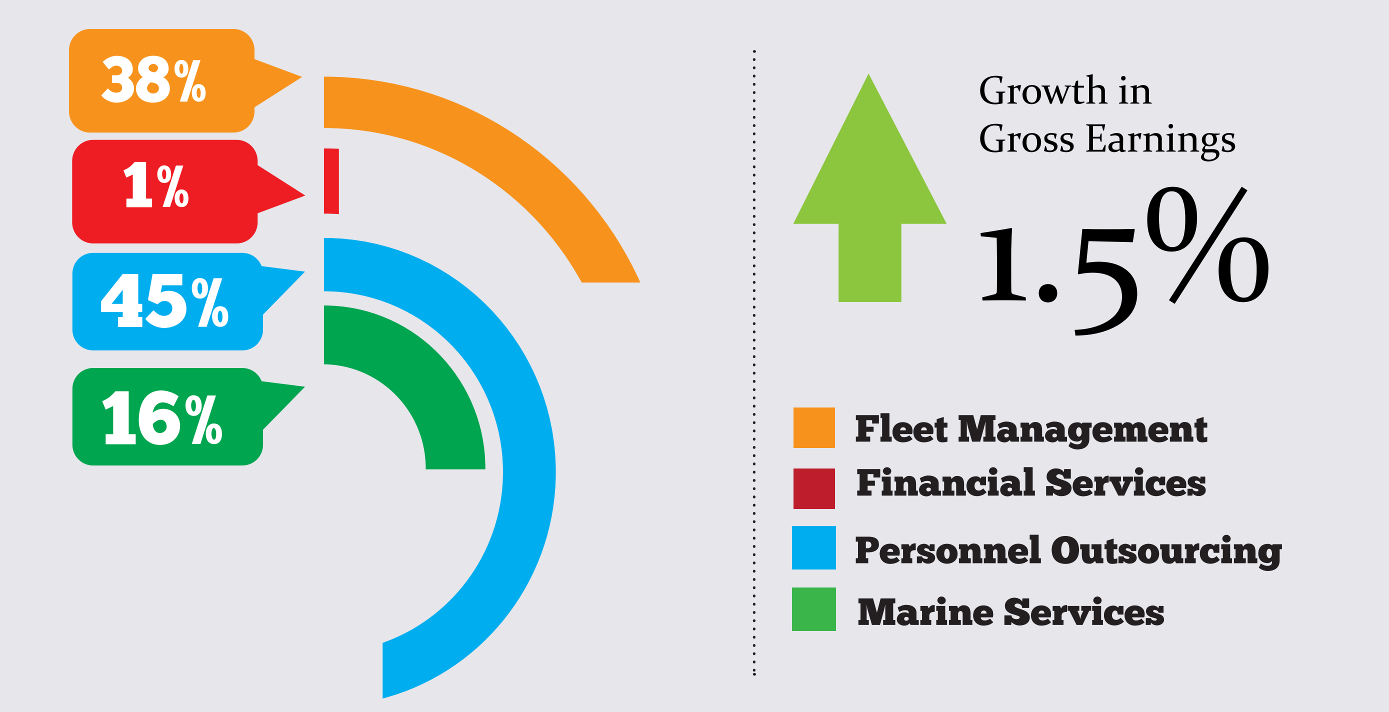
Profit Before Tax



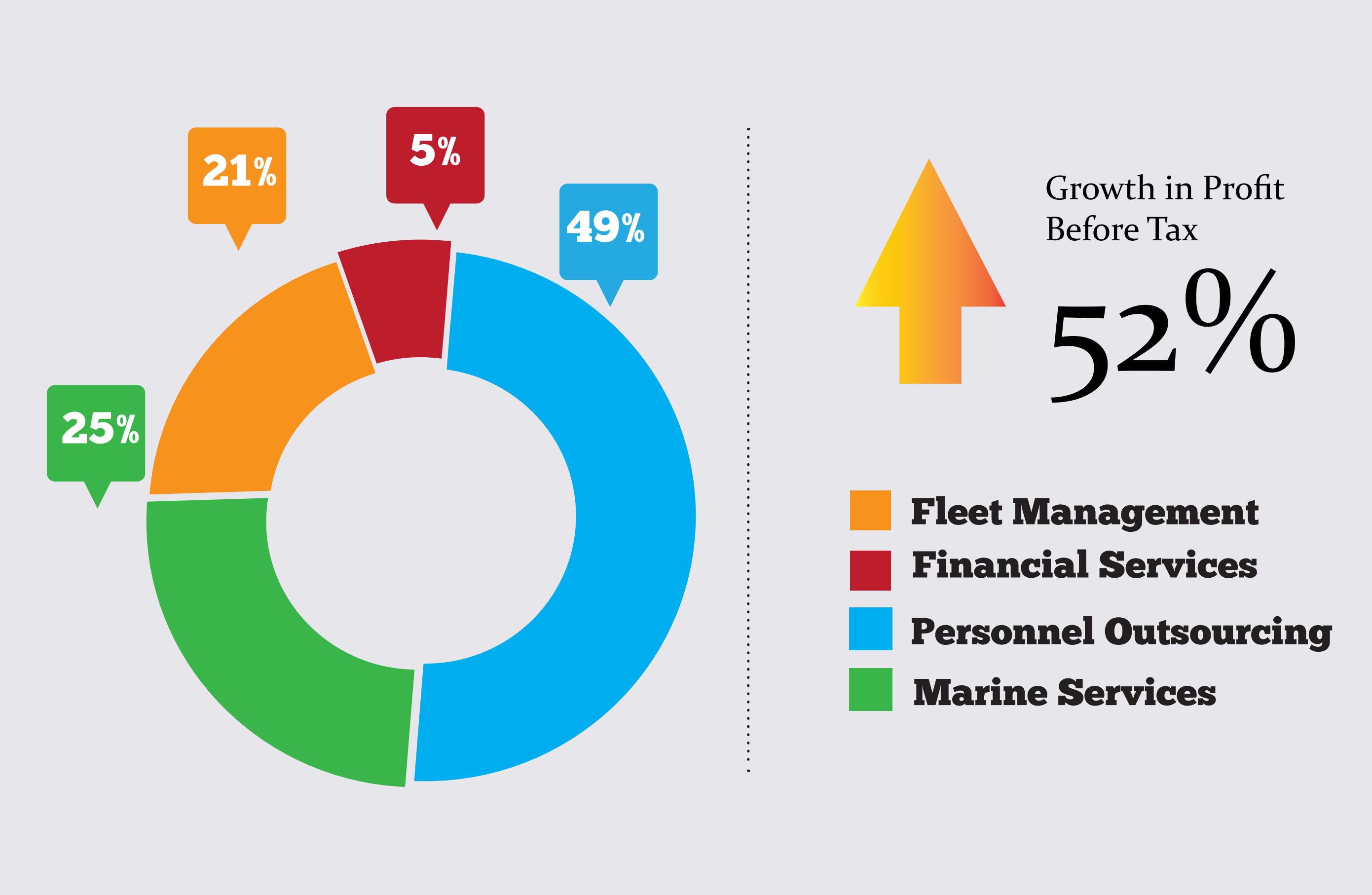
THE REPORTS OF THE DIRECTORS

Company's position – December 2013

Gross Earnings



Profit Before Tax



THE REPORTS OF THE DIRECTORS

FINANCIAL PERFORMANCE AND BUSINESS REVIEW

Without doubt 2013 was another challenging year of business operations in the Leasing Industry. This notwithstanding, C & I Leasing was able to exploit the opportunities within the environment. This, however, translated into another better performance that further attest to the durability and resilience of our brand.

On the balance sheet side, we saw good opportunities to grow the risk assets, particularly with the investment in the four new boats.

For the Company, total assets grew from N20 billion in 2012 to N20.7 billion in 2013 representing an increase of over 3% over the previous year's figure while shareholder's fund rose by about 7% from N5.6 billion in 2012 to N6.0 billion in 2013. Total liabilities also increase marginally by 2% from N14.4 billion in 2012 to N14.6 billion in 2013. Profit before taxation improved significantly from N236.0 million in 2012 to N358.3 million in 2013, representing a 52% increase over the previous year figure. We however attribute the colossal growth in the Company's PBT to improved effort of the management in its receivables drive.

As a Group, the performance standards were no less impressive. The gross earning was N12.5 billion for the year ended December 31, 2013, representing a 6% increase over the previous year figure of N11.8 billion. The Group profit before taxation also grew by 69% from N180.6 million in 2012 to about N304.5 million in 2013. This was due to the sterling performance of Leasafric Ghana and the Parent Company. The Group total assets on the other hand rose by 2% from N21.5 billion in 2012 to about N21.9 billion in 2013 while the total liabilities grew by 2%, from N16.5 billion in 2012 to N16.8 billion in 2013. Group Shareholder's Fund also improved by 4% from N4.9 billion in 2012 to about N5.1 billion in 2013.

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 value of return as well as being the employer of choice for any discerning lessee in the markets where we operate. In 2013, EPIC International FZE, a company licensed in UAE as a trading outfit in boats and ships was added to the Group's subsidiary companies and with the federal government's plan to fully liberate and deregulate operations in the oil and gas sector of the economy, it is expected that this will help to meet the demand for operating and finance leases from the oil and gas industry. The rapid growth in the telecommunications sector, as a part of Nigeria's infrastructure development and privatization strategy also presented a positive opportunity for business growth and development.

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.

FUTURE OUTLOOK

We are repositioning the company for higher profitability and growth sustenance.

To achieve this, we are focusing more attention on our core business and do away with non-profitable segment of the group. We have planned to divest our interest in one of the subsidiary companies, Citrans Global to its current management. The financial impact of this action would be felt in 2014, with the company planning to take-over the tracking aspect of Citrans business in order to mitigate any loss on disposal.

In the present circumstances, the conversion of the zero coupon redeemable/convertible loan stock seems to be the right step in the right direction as it extinguishes any fixed liability on the part of the company and provides additional opportunity for raising capital. To this end, we have recommended for approval a right/ public offer to existing and new shareholders along with the conversion option.

We will follow up aggressively on the pursuit of attaining economies of scale as we seek to deploy in the new geographies across West Africa and Middle East. In order to take advantage of these emerging opportunities, we will seek relevant alliances that will add value to our current operations and enhance organic growth.

DIVIDEND

The Board of Directors, pursuit to the powers vested in

THE REPORTS OF THE DIRECTORS

its by the provisions of Section 379 of the Companies and Allied Matters Act(CAMA) of Nigeria, proposed a dividend of 4 kobo per share (December 2012 : 2 kobo per share) from the retained earnings account as at 31 December 2013. This is subject to approval by shareholders at the next Annual General Meeting.

Payment of dividends is however subject to withholding tax at a rate of 10% in the hand of recipients.

APPROPRIATIONS

In accordance with provisions of the law, N85.6 million representing 30% of the profit after tax was transferred to statutory reserves, N31.8 representing 11% of the profit after tax was transferred to statutory credit reserves while N167.9 million has been transferred to general reserves to boost shareholders' funds.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the affairs of the company is satisfactory and there has been no material change since the date of the statement of financial position.

CORPORATE GOVERNANCE:

As a major player in the Nigerian financial services Industry, C & I Leasing holds good governance as one of its core value and confirms its commitment to the implementation of effective governance principles in its business operations. The Company has an effective governance system that ensures proper over-sight of its business operations by the Directors and other principal organs of the company. In order to promote effective governance of the C & I Group, the following structures have been put in place for the execution of the company's Corporate Governance Strategy:

1. Board of Directors
2. Board Committees

THE **BOARD OF DIRECTORS:**

Board Composition
The Board is made up of the chairman, seven non-executive directors and two executive directors. Besides possessing the requisite academic qualifications and experience in Board affairs, Directors are well abreast of their responsibilities and are conversant with the company's business. They are therefore able to exercise sound judgment on matters relating to the company's business. The Non - Executive Directors are independent of the management and are free from constraints which may materially affect their judgment as Directors of the Company.

The Managing Director/Chief Executive is responsible for the day to day running of the Company, assisted by the Executive Director.

Responsibilities of the Board

The Board has the responsibility for ensuring that the company is appropriately managed and achieves its strategic objectives with the aim of creating a sustainable long term value to the shareholders through:

- Reviewing and providing guidance for the company's corporate and business strategy, major plans of action and risk management policy.
- Approval of annual budgets and business plans.
- Approval of major capital expenditures, acquisitions and divestitures.
- Ensuring the integrity of the company's accounting and financial reporting systems and all forms of controls that are in place.
- Appointment and evaluating the performance of the CEO and other senior managers.
- Enquiries into major performance deficiencies and any other unforeseen management crisis.

Record of Board of Directors attendance at Meeting:

Members of the Board of Directors hold periodic meeting to decide on policy matters and to direct the affairs of the company, review its operations, finances and formulate growth strategy. Board agenda and report are provided ahead of meeting.

Further to the provision of section 258 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the record of the Directors' attendance at board meeting during the year under review is available at the company's corporate Head office for inspection.

Furthermore, in line with corporate governance principles, the table below shows the frequency of meetings of the Board of Directors and members' attendance at these meetings during the year under review:

THE REPORTS OF THE DIRECTORS

Record of Board of Directors attendance at Meetings:

ATTENDANCE FOR BOARD OF DIRECTORS MEETING C& I LEASING PLC	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
AVM A.D. BELLO	3	3
OGBUESHI C. H OKOLO	3	3
MR. E. C. NDU	3	3
MR. TUNDE ALAO-OLAIFA	3	3
MR. OLUGBENGA ADEMESO	3	3
MR IK DURU	3	3
PRINCESS N.U.I UCHE	3	3
MR. JACOB KHOLI/DR. OLUSEGUN OSO	3	3
MR P.S. UGBOMA	3	2
MR. ANDREW OTIKE- ODIBI	3	3

Board meetings were held on March 26, 2013; November 05, 2013 and December 05, 2013.

Board Changes

In accordance with the Company's Articles of Association, the following Directors namely, AVM A.D. Bello and Princess N.U.I. Uche retire by rotation at the Annual General Meeting and being eligible to, offer themselves for re-election.

AVM (Rtd) A.D Bello being above the age of 70 has indicated his willingness to continue in office as a Director of the company in accordance with Section 252 of the Companies and Allied Matters Act Cap C20 LFN 1990

COMMITTEES

The Board performs its functions using various Board Committees. These committees allows for deeper attention to specific issues for the Board. In line with the best global practice and in accordance with the statutory and regulatory requirements, the following committees have been put in place:

a. Board Operations Committee:
The operations committee is one of the committees of the Board performing oversight functions relating to strategic operational issues. It consists of five members, made up of three non-executive directors and two executive directors. During the year, the committee met two times as follows:

THE REPORTS OF THE DIRECTORS

ATTENDANCE FOR C& I LEASING PLC BOARD OPERATIONS COMMITTEE	NUMBER OF MEETINGS HELD	NUMBEROF MEETINGS ATTENDED
OGBUESHI C. H. OKOLO	2	2
MR. CHUKWUEMEKA NDU	2	2
MR. OLUGBENGA ADEMESO	2	2
DR. OLUSEGUN OSO	2	2
MR. ANDREW OTIKE- ODIBI	2	2

Board Operations Committee meetings were held on January 15, 2013 and April 09, 2013

b. Risk Management Committee:
The Risk Management Committee is to assist with the oversight of the risk profile, risk management framework and the risk reward strategy as determined by the Board. The terms of reference include:

- Review and approval of the company's risk management policy including risk appetite and risk strategy;
- Determine the efficiency and effectiveness of administrative, operating and accounting controls used by the company;
- Oversight of management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms;
- Reviewing company's policies and practices as regards the business conduct, ethics and integrity. Encourage whistle blowing process.
- Review of the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile; and
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

Composition of the Risk Management Committee:

ATTENDANCE FOR C& I LEASING PLC RISK MANAGEMENT COMMITTEE	NUMBER OF MEETINGS HELD	NUMBEROF MEETINGS ATTENDED
PRINCESS N. U. I. UCHE	-	-
MR. CHUKWUEMEKA NDU	-	-
MR. JACOB KHOLI/ MR. RAVI SHARMA/ DR. SEGUN OSO	-	-
MR. OMOTUNDE ALAO-OLAIFA	-	-

No meetings of the Risk Management Committee were held during the year as the committee had not been officially inaugurated

THE REPORTS OF THE DIRECTORS

RESPONSIBILITIES OF THE DIRECTORS

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Directors are responsible for the preparation of annual financial statements that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit and loss. The responsibilities include ensuring that the company:

1. 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 1990;
2. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;
3. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied, and
4. The financial statements are prepared on a going concern basis unless it is presumed the company will not continue in business.

The Directors accepts responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirement of the Companies and Allied Matters Act, CAP C20LFN 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.

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

None of the directors 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.

CODE OF BUSINESS ETHICS

Management has communicated the principles in the Company's code of conduct to its employees in the discharge of their duties. 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 illegal practices.

THE REPORTS OF THE DIRECTORS

SHAREHOLDING STRUCTURE.

The analysis of shareholding in the company as at December 31, 2013 was as follows:

LIST OF SUBSTANTIAL INTEREST IN SHARES AS AT 31 DECEMBER 2013

SHAREHOLDER	No. of Shares Held	% of Shareholding
LEADWAY ASSURANCE CO. LTD	140,000,353.00	8.66%
PATRICK UGBOMA SULE	80,416,666.00	4.97%
GRAND TOTAL	**220,417,019.00**	**13.63%**

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF COB 31 DEC. 2013

C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS DECEMBER 31 2013

SN	NAMES	TOTAL (DEC 2013)	SHAREHOLDING DIRECT (DEC 2013)	SHAREHOLDING INDIRECT (DEC 2013)	INDIRECT HOLDER
1	AVM A. D. BELLO (RTD), GCON, CFR - (CHAIRMAN)	717,554	717,554	-	
2	OKOLO H.C. - (VICE CHAIRMAN)	14,269,093	14,269,093	-	
3	NDU CHUKWUEMEKA E. - (MANAGING DIR. / CEO)	51,182,490	1,334,271	49,848,219	PETRA PROPERTIES
4	OMOTUNDE ALAO-OLAIFA	140,000,353	-	140,000,353	LEADWAY ASSURANCE CO. LTD
5	LARRY OLUGBENGA ADEMESO	59,126,435	-	59,126,435	CRUSADER INSURANCE CO. PLC
6	DURU I.K.	60,000,010	-	60,000,010	CREDIT ALLIANCE FIN. SERV. LTD
7	PRINCESS N.U.I UCHE	78,312,507	249,999	78,062,508	OUT CONSORTIUM
8	KHOLI JACOB	43,394,691	-	43,394,691	AUREOS WEST AFRICA FUND LLC
9	UGBOMA PATRICK SULE	80,416,666	80,416,666	-	
10	OTIKE-ODIBI ANDREW - (EXECUTIVE DIR.)	814,300	814,300	-	
	DIRECTORS TOTAL	527,984,199	97,801,883	430,432,216	
	% OF TOTAL	32.71%	6.05%	26.60%	
	TOTAL OUTSTANDING SHARES	1,617,010,000	1,617,010,000	1,617,010,000	

THE REPORTS OF THE DIRECTORS

SHAREHOLDING STRUCTURE.

The analysis of shareholding in the company as at December 31, 2013 was as follows:

SHAREHOLDING STRUCTURE

Range	Number of Holders	%	Unit	%
1 – 10000	11,020	63.67	45,007,065	2.74
10001 – 50000	4,577	26.44	110,345,833	6.68
50001 – 100000	803	4.64	65,012,223	3.9
100001 – 500000	676	3.91	135,510,378	9.12
500001 – 1000000	102	0.59	64,036,362	4.84
1000001 – 5000000	94	0.54	139,574,514	13.08
5000001 – 10000000	16	0.09	61,606,201	7.16
10000001-50000000	13	0.08	363,010,932	19.75
50000001-100000000	6	0.03	492,906,139	24.08
100000001-500000000	1	0.01	140,000,353	8.66
Grand Total	**17,308**	**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 RESOURCES

Employment of Disabled Persons
The Company gives full and fair consideration to application for employment made by disabled persons with due regards to their abilities and aptitude. The Company prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged to ensure that they fit into the company's working environment.

Employee Involvement and Training
The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and other forms of communication. The employee share scheme has been running successfully since inception.
Employee training is carried out at various levels within the Company through internal and external training. These are complemented by on-the-job training.

Health, Safety &Environmental Policy
The Company's enforces strict health and safety rules and practices at work place, which are reviewed and tested regularly. Employees are adequately insured against occupational and other hazards. The Company retains top-class private hospitals where medical facilities are provided for employees and their immediate families at the Group's expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.
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, 2004.

THE REPORTS OF THE DIRECTORS

CORPORATE RISK AND INTERNAL CONTROL SYSTEMS

C & I Leasing Plc has well - established internal control system for identifying, managing and monitoring risk. These are designed to provide reasonable assurance that the risks facing the business are being controlled. The corporate internal audit function of the company plays a key role in providing an objective view and continuing assessment of effectiveness of internal control systems in the business. The system of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined. The reports of the internal control are reviewed by the audit committee.
The company also has a corporate risk committee consisting of the chairman and three other members. The committee is charged with the responsibility of identifying, evaluating, and managing the potential risks facing the company. The committee reports to the executive director.

AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act Cap Laws of the Federation of Nigeria 2004, the Group has an Audit Committee comprising of six members made up of three representative of the shareholders elected at the Annual General Meeting for a tenure of one year till the conclusion of the 2013 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The terms of reference include as provided in section 359 (6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004.

1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
2. Review the scope and planning of audit requirement;
3. Review the finding on management letters in conjunction with the external auditors and departments responsible there on;
4. Keep under review the effectiveness of the company's system of accounting and internal control;
5. Make recommendations to the Board in regard to the appointment, removal and remunerations of the external auditors of the company and;
6. Authorize the internal auditors to carry out investigation into any activities of the company which may be of interest or concern to the committee.

ATTENDANCE FOR C & I LEASING PLC AUDIT COMMITTEE	No. of meetings held	No. of meetings attended
MR. S.B. ADERENLE	4	4
MR. FEMI ODUYEMI	4	4
MISS VINCENT CHRISTIE O.	4	4
PRINCESS (MRS.) N. U. I UCHE	4	3
MR. I.K. DURU	4	3
MR. TUNDE ALAO-OLAIFA	4	3

Audit Committee meetings held during the year is as follows:

February 5, 2013; March 25, 2013; October 25, 2013 and December 10, 2013.

THE REPORTS OF THE DIRECTORS

DIVIDEND / DIVIDEND HISTORY

The Directors are pleased to recommend to the shareholders the payment of dividend in respect of the year ended 31st December, 2013 of N 83,543,600.00 that is 4 kobo per share. This is subject to the deductions of appropriate withholding tax.

DIVIDEND HISTORY

Financial Year End	Dividend Number	Final / Interim	Amount Declared (N)	Amount Paid (N)
12-Dec-1997	4	Final	23,964,627.10	0.10
12-Dec-1998	5	Final	18,000,000.00	0.15
1-Dec-1999	6	Final	24,000,000.00	0.10
12-Dec-2000	7	Interim	12,000,000.00	0.05
31-Jan-2001	8	Final	24,000,000.00	0.10
31-Jan-2002	9	Final	36,170,935.65	0.15
31-Jan-2003	10	Final	36,000,000.00	0.15
31-Jan-2004	11	Final	40,000,000.00	0.10
31-Jan-2005	12	Final	60,000,000.00	0.10
31-Jan-2006	13	Interim	30,000,000.00	0.05
31-Jan-2006	14	Final	60,000,000.00	0.10
31-Jan-2007	15	Final	80,029,700.00	0.05
31-Jan-2008	16	Interim	96,035,640.00	0.06
31-Jan-2008	17	Final	95,792,821.80	0.06
31-Jan-2009	18	Final	191,585,643.60	0.12
31-Jan-2010	19	Final	42,000,000.00	0.02
31-Dec-2012	20	Final	37,328,059.00	0.02

THE REPORTS OF THE DIRECTORS

INDEPENDENT AUDITORS

The auditors, PKF Professional Services (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 357 (2) of the Companies and Allied Matters Act, LFN 2004, CAP 20. A resolution will be passed at the Annual General Meeting to authorize the Directors to fix the remunerations of the auditors.

Dated July 9, 2014
By Order of the Board

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

LEASING PLC
RC: 161070

LEASING HOUSE, C & I Leasing Drive, Off Bisola Durosinmi Etti Drive, CBD, Lekki Phase 1, Lekki, Lagos
Tel: +234(0)1 2703700-5. Fax: +234(0)1 2703706. E-mail: info@c-ileasing.com

AUDIT COMMITTEE REPORT
TO THE MEMBERS OF C & I LEASING PLC

In accordance with the statutory provisions of section 359 (6) of the Companies and Allied Matters Act 1990, the members of the Corporate Audit Committee of C & I Leasing Plc report on the Company's Financial Statement for the year ended 31st December, 2013.

We have exercised our statutory functions under section 359 (6) of the Companies and Allied Matters Act 1990 and we acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices and that the scope and planning of both the external and internal audit programs are extensive enough to provide a satisfactory evaluation of efficiency of the Internal Control Systems.

The External Auditors confirmed that all necessary co-operations were received from the management and that they have given an unqualified audit report.

Dated this 4th day of July, 2014

COM. S. B. ADENRELE
Chairman

Members of Audit Committee

Mr. S. B. Adenrele
Mr. Femi Oduyemi
Miss Vincent Christie O.
Princess (Mrs.) N. U. I. Uche
Mr. Ikechukwu Duru
Mr. Omotunde Alao-Olaifa

SON NIS ISO 9001:2000 REGISTERED COMPANY REG. No: 0000173 NATIONAL CERTIFICATE SCHEME

IMCA Member, IMCA - Marine Division

Directors: AVM A.D. Bello (rtd), GCON, CFR (Chairman); Chief H.C. OKOLO (Vice Chairman); Chukwuemeka E. Ndu (Managing); O. O. Oyedele (rep. Leadway Assurance Co. Ltd); I.K. Duru (rep. Credit Alliance Financial Services Ltd.); G.O.A. Oyelami (rep. Crusader Insurance Co. Plc); Jacob K. Kholi [Ghanaian](rep. Aureos Africa Fund L.L.C.); Princess (Mrs) N.U.I. Uche (rep. Out Consortium Finance Ltd); Andrew Otike-Odibi (Executive); P. S. Ugboma

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0702 819 4415
eM: info@c-ileasing.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF C&I LEASING PLC

PKF
Accountants & business advisers

Report on the financial statements

We have audited the accompanying consolidated financial statements of **C&I Leasing Plc** ("the Company") and its subsidiaries (together, "the Group"), which comprise of the consolidated statement of financial position at 31December 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, related notes to the consolidated financial statements, summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Banks and Other Financial Institutions Act, Cap B3, LFN 2004 and with the requirements of the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal control as the directors determine are necessary, to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of **C&I Leasing Plc** and its subsidiaries at 31 December 2013, and of the financial performance and cash flows of the Company and Group for the year then ended, in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Banks and Other Financial Institutions Act, Cap B3, LFN 2004 and in the manner required by the International Financial Reporting Standards (IFRS) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

Report on other legal requirements

The Companies and Allied Matters Act, Cap C20, LFN 2004 and the Banks and Other Financial Institutions Act, Cap B3, LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

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

III. The company and its subsidiaries' consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income are in agreement with the books of account;

IV. Related party transactions and balances are disclosed in Note 61 to the consolidated financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;

V. Except for the contravention disclosed in Note 63 to the consolidated financial statements, the company has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 641914

Date: 09 July, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position as at 31 December 2013

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Notes	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	10	**979,909**	394,255	**820,466**	200,591
Loans and receivables	11	**819,485**	808,507	**2,530,000**	1,271,711
Trade receivables	12	**17,219**	205,956	-	-
Finance lease receivables	13	**6,123,138**	7,351,116	**4,897,869**	5,999,936
Available for sale assets	14	**25,282**	24,401	**25,282**	24,401
Investment in subsidiaries	15	-	-	**1,605,155**	1,605,155
Other assets	16	**2,833,616**	2,383,208	**2,773,719**	2,299,973
Inventories	17	**833,054**	766,172	-	-
Operating lease assets	18	**8,248,911**	7,586,359	**6,148,729**	6,877,565
Property, plant and equipment	19	**1,139,621**	1,042,925	**1,011,388**	900,019
Intangible assets	20	**33,187**	-	**33,187**	-
Current income tax assets	25	**373**	36,184	-	-
Deferred income tax assets	26.3	**884,244**	863,612	**813,120**	813,120
Total assets		**21,938,039**	21,462,695	**20,658,915**	19,992,471
Liabilities					
Balances due to banks	21	**639,306**	832,682	**590,121**	670,003
Commercial notes	22	**2,974,143**	2,129,197	**2,967,907**	2,127,996
Trade payables		**537,458**	305,064	-	-
Other liabilities	23	**1,890,131**	1,502,038	**1,237,508**	1,010,128
Deferred maintenance charge	24	**2,828,059**	3,465,253	**2,828,059**	3,465,253
Current income tax liability	25.2	**208,808**	129,564	**191,822**	118,832
Borrowings	26	**7,654,602**	7,967,031	**6,801,489**	6,810,269
Retirement benefit obligations	27	**24,288**	164,669	**24,288**	164,669
Deferred income tax liability	25.4	**62,802**	47,134	-	-
Total liabilities		**16,819,597**	16,542,632	**14,641,194**	14,367,150

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position as at 31 December 2013 (Continued)

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Notes	N'000	N'000	N'000	N'000
Equity					
Share capital	28	**808,505**	808,505	**808,505**	808,505
Deposit for shares	29	**1,937,850**	1,951,350	**1,937,850**	1,951,350
Share premium		**679,526**	679,526	**679,526**	679,526
Statutory reserve	30	**572,935**	460,532	**510,952**	425,359
Statutory credit reserve	31	**48,447**	16,648	**31,799**	-
Retained earnings	32	**509,704**	502,787	**1,648,813**	1,513,231
Foreign currency translation reserve	33	**30,327**	100,631	-	-
AFS fair value reserve	34	**4,394**	3,510	**4,394**	3,510
Revaluation reserve	35	**395,882**	243,840	**395,882**	243,840
		4,987,570	4,767,329	**6,017,721**	5,625,321
Non-controlling interest	36	**130,872**	152,734	-	-
Total equity		**5,118,442**	4,920,063	**6,017,721**	5,625,321
Total liabilities and equity		**21,938,039**	21,462,695	**20,658,915**	19,992,471

These consolidated financial statements on pages 31 to 100 were approved by the Board of Directors on **9 July 2014** and signed on its behalf by :

AVM (Rtd) Abdullahi Bello, CFR	**Emeka Ndu**	**Adesoji Aiyeola**
Group Chairman	**Group Managing Director/CEO**	**Head, Finance**
FRC/2013/IODN/00000003944	FRC/2013/ICAN/00000003955	FRC/2013/ICAN/00000003946

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

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the year ended 31 December 2013

	Notes	Group 12 months to 31 December 2013 N'000	Group 11 months to 31 December 2012 N'000	Company 12 months to 31 December 2013 N'000	Company 11 months to 31 December 2012 N'000
Gross earnings		**12,368,547**	11,760,468	**10,239,812**	10,092,696
Lease rental income	39	**5,889,102**	5,393,238	**5,136,066**	4,831,991
Lease interest expenses	40	**(1,594,976)**	(1,551,559)	**(1,417,062)**	(1,299,906)
Net lease rental income		**4,294,126**	3,841,679	**3,719,004**	3,532,085
Outsourcing income	41	**4,553,800**	4,823,995	**4,553,800**	4,823,995
Outsourcing expenses	41	**(3,568,317)**	(3,777,963)	**(3,568,317)**	(3,777,963)
Net outsourcing income		**985,483**	1,046,032	**985,483**	1,046,032
Vehicle sales	42	**1,261,203**	767,125	-	-
Vehicle operating expenses	43	**(880,626)**	(555,728)	-	-
Net income from vehicle sales		**380,577**	211,397	-	-
Tracking and tagging income	44	**92,158**	108,394	-	-
Interest income	45	**22,431**	11,740	**8,009**	1,372
Other income	46	**549,853**	655,976	**541,937**	435,338
Impairment charge	38	**(665)**	(277,404)	**36,276**	(241,705)
Operating expenses	47	**(2,595,737)**	(2,143,816)	**(2,324,744)**	(1,975,229)
Depreciation expense	48	**(1,361,117)**	(1,196,197)	**(1,070,107)**	(950,627)
Personnel expenses	49	**(753,752)**	(769,157)	**(584,942)**	(644,949)
Distribution expenses	50	**(164,918)**	(91,034)	-	-
Administrative expenses	51	**(1,143,916)**	(1,216,987)	**(952,612)**	(966,338)
Profit on continuing operations before taxation		**304,523**	180,623	**358,304**	235,979
Income tax	26	**(142,926)**	72,277	**(72,990)**	74,749
Profit for the year from continuing operations		**161,597**	252,900	**285,314**	310,728
Profit for the year		**161,597**	252,900	**285,314**	310,728
Profit attributable to:					
Owners of the parent		**183,459**	253,962	**285,314**	310,728
Non-controlling interests		**(21,862)**	(1,062)	-	-
		161,597	252,900	**285,314**	310,728
Appropriation of profit attributable to owners of the parent:					
Transfer to statutory reserve	30	**112,403**	121,438	**85,593**	93,218
Transfer to statutory credit reserve		**31,799**	-	**31,799**	-
Transfer to retained earnings	32	**39,257**	132,524	**167,922**	217,510
		183,459	253,962	**285,314**	310,728
Basic earnings per share [kobo]	55	**11**	16	**18**	19

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

	Notes	Group 12 months to 31 December 2013 N'000	Group 11 months to 31 December 2012 N'000	Company 12 months to 31 December 2013 N'000	Company 11 months to 31 December 2012 N'000
Profit for the period		**161,597**	252,900	**285,314**	310,728
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange difference on translation of foreign operations	33	**(70,304)**	(82,553)	-	-
Net gain on available financial assets	34	**884**	5,032	**884**	5,032
Items that will not be reclassified to profit or loss					
Surplus on revaluation of property, plant and equipment	35	**152,042**	243,840	**152,042**	243,840
Other comprehensive income (net of tax)		**82,622**	166,319	**152,926**	248,872
Total comprehensive income (net of tax)		**244,219**	419,219	**438,240**	559,600
Attributable to:					
Owners of the parent		**266,081**	420,281	**438,240**	559,600
Non-controlling interest		**(21,862)**	(1,062)	-	-
		244,219	419,219	**438,240**	559,600

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows for the year ended 31 December 2013

		Group		Company	
		12 months to 31 December 2013	11 months to 31 December 2012	12 months to 31 December 2013	11 months to 31 December 2012
	Notes	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Lease rental income		**5,889,102**	5,393,238	**5,136,066**	4,831,991
Outsourcing income		**4,553,800**	4,823,995	**4,553,800**	4,823,995
Interest income received		**22,431**	11,740	**8,009**	1,372
Vehicle sales income		**1,261,203**	767,125	-	-
Tracking and tagging income		**92,158**	108,394	-	-
Other income received		**549,853**	655,976	**541,937**	435,338
Cash payment to employees and suppliers		**(12,315,180)**	(8,590,324)	**(7,496,905)**	(7,197,852)
Income tax paid		**(11,976)**	(33,944)	-	-
Operating profit before changes in operating		**41,391**	3,136,200	**2,742,907**	2,894,844
Decrease in operating assets		**3,751,061**	134,721	**(908,387)**	55,005
Decrease in operating liabilities		**1,130,233**	(316,007)	**732,091**	(588,095)
Net cash provided by operating activities	52	**4,922,685**	2,954,914	**2,566,611**	2,361,754
Cash flows from investing activities					
Additional investments in subsidiaries		-	-	-	(492,503)
Proceeds from sale of investments		-	37,038	-	37,038
Proceeds from sale of operating lease assets		**90,055**	206,639	**66,475**	206,639
Proceeds from sale of property, plant and equipment		**3,020**	4,547	**3,020**	-
Proceeds from sale of finance lease assets		-	-	-	-
Purchase of operating lease assets	18	**(2,189,867)**	(1,838,749)	**(418,977)**	(1,252,153)
Transfer of operating lease assets		-		-	
Purchase of property, plant and equipment	19	**(73,929)**	(195,893)	**(26,000)**	(153,309)
Acquisition of intangible assets	20	**(33,187)**	-	**(33,187)**	-
Net cash provided by investing activities		**(2,203,908)**	(1,786,418)	**(408,669)**	(1,654,288)
Cash flows from financing activities					
Dividend paid		**(32,340)**	-	**(32,340)**	-
Interest on finance lease facilities and loans		**(1,594,976)**	(1,551,559)	**(1,417,062)**	(1,299,906)
Proceeds from borrowings		**1,503,447**	2,090,103	**1,503,447**	2,097,916
Repayment of borrowings		**(1,815,878)**	(1,613,013)	**(1,512,230)**	(1,363,185)
Deposit for shares		-	416,957	-	416,958
Net cash provided by financing activities		**(1,939,747)**	(657,512)	**(1,458,185)**	(148,217)
Increase/(decrease) in cash and cash equivalents		**779,030**	510,984	**699,757**	559,249
Cash and cash equivalents at the beginning of the year		**(438,427)**	(949,411)	**(469,412)**	(1,028,661)
Cash and cash equivalents at the end of the year	37	**340,603**	(438,427)	**230,345**	(469,412)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity for the year ended 31 December 2013

Group

	Share capital N'ooo	Share premium N'ooo	Deposit for shares N'ooo	Statutory Reserve N'ooo	Statutory credit reserve N'ooo	Retained earnings N'ooo	Foreign currency translation reserve N'ooo	AFS fair value reserve N'ooo	Revaluation reserve N'ooo	Non-controlling interest N'ooo	Total equity N'ooo
At 1 February 2012	808,505	679,526	1,565,500	339,094	16,648	370,263	183,184	(1,522)	-	153,796	4,114,994
Changes in equity for the year ended 31 December 2012											
Profit for the period	-	-	-	121,438	-	132,524	-	-	-	(1,062)	252,900
Other comprehensive income											
Fair value changes on available for sale financial assets	-	-	-	-	-	-	-	5,032	-	-	5,032
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	243,840	-	243,840
Gain on foreign operations translation	-	-	-	-	-	-	(82,553)	-	-	-	(82,553)
Total comprehensive income for the period ended 31 December 2012	-	-	-	121,438	-	132,524	(82,553)	5,032	243,840	(1,062)	419,219
Transactions with owners											
Deposit for future subscription of shares	-	-	416,958	-	-	-	-	-	-	-	416,958
Exchange difference on conversion of deposit for shares	-	-	(31,108)	-	-	-	-	-	-	-	(31,108)
At 31 December 2012	**808,505**	**679,526**	**1,951,350**	**460,532**	**16,648**	**502,787**	**100,631**	**3,510**	**243,840**	**152,734**	**4,920,063**
At 31 December 2012	808,505	679,526	1,951,350	460,532	16,648	502,787	100,631	3,510	243,840	152,734	4,920,063
Changes in equity for the year ended 31 December 2013											
Profit for the year	-	-	-	112,403	31,799	39,257	-	-	-	(21,862)	161,597
Other comprehensive income											
Fair value changes on available for sale financial assets	-	-	-	-	-	-	-	884	-	-	884
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	152,042	-	152,042
Gain on foreign operations translation	-	-	-	-	-	-	(70,304)	-	-	-	(70,304)
Total comprehensive income for the period	-	-	-	112,403	31,799	39,257	(70,304)	884	152,042	(21,862)	244,219
Transactions with owners											
Exchange difference on conversion of deposit for shares			(13,500)	-	-	-	-	-	-	-	(13,500)
Dividend paid during the year	-	-	-	-	-	(32,340)	-	-	-	-	(32,340)
At 31 December 2013	**808,505**	**679,526**	**1,937,850**	**572,935**	**48,447**	**509,704**	**30,327**	**4,394**	**395,882**	**130,872**	**5,118,442**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity for the year ended 31 December 2013

Company	Share Capital N'ooo	Share Premium N'ooo	Deposit for shares N'ooo	Statutory Reserve N'ooo	Statutory credit reserve N'ooo	Retained earnings N'ooo	value reserve N'ooo	Revaluation reserve N'ooo	Total equity N'ooo
At 1 February 2012	808,505	679,526	1,565,500	332,141	-	1,295,721	(1,522)	-	4,679,871
Changes in equity for the year ended 31 December 2012									
Profit for the period	-	-	-	93,218	-	217,510	-	-	310,728
Other comprehensive income									
Fair value changes on available for sale financial assets	-	-	-	-	-	-	5,032	-	5,032
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	243,840	243,840
Total comprehensive income for the period ended 31	-	-	-	93,218	-	217,510	5,032	243,840	559,600
Transactions with owners									
Issue of share capital	-	-	-	-	-	-	-	-	-
Deposit for future subscription of shares	-	-	416,958	-	-	-	-	-	416,958
Exchange difference on conversion of deposit for shares	-	-	(31,108)	-	-	-	-	-	(31,108)
At 31 December 2012	**808,505**	**679,526**	**1,951,350**	**425,359**	-	**1,513,231**	**3,510**	**243,840**	**5,625,321**
At 31 December 2012	**808,505**	**679,526**	**1,951,350**	**425,359**	-	**1,513,231**	**3,510**	**243,840**	**5,625,321**
Changes in equity for the year ended 31 December 2013									
Profit for the year	-	-	-	85,593	31,799	167,922	-	-	285,314
Other comprehensive income									
Fair value changes on available for sale financial assets	-	-	-	-	-	-	884	-	884
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	152,042	152,042
Total comprehensive income for the year ended 31	-	-	-	85,593.00	31,799.00	167,922.00	884	152,042	438,240.00
Transactions with owners									
Exchange difference on conversion of deposit for shares	-	-	(13,500)	-	-	-	-	-	(13,500)
Dividends paid during the year	-	-	-	-	-	(32,340)	-	-	(32,340)
At 31 December 2013	**808,505**	**679,526**	**1,937,850**	**510,952**	**31,799**	**1,648,813**	**4,394**	**395,882**	**6,017,721**

NOTES TO THE 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 year end, the Company has four subsidiary companies namely:

- C & I Motors Limited
- Citrans Global Limited
- 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 2013 to 31 December 2013 with comparative for the period ended 31 December 2012.

The consolidated financial statements for the year ended 31 December 2013 were approved for issue by the Board of Directors on 9 July 2014.

2. Basis of preparation

3. Statement of compliance with IFRSs

The Group's financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by local regulators has been included where appropriate. 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.

4. 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.

5. 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 financial statements.

NOTES TO THE CONSOLIDATED 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, 2013. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group 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 period 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.

2.5.1 **Summary of new and amended standards**

Accounting standards and interpretations issued but not yet effective

Below are the new International Financial Reporting Standards and International Accounting Standards which have not been early adopted by the Group and that might affect future reporting periods, on the assumption that the Group will continue with its current activities.

2.5.1.1 **IFRS 9 Financial instruments**

IFRS 9 introduces new requirements for classifying and measuring financial assets. At the IASB's July 2011 meeting, the IASB decided to postpone the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2015 with early application still permitted.

2.5.1.2 **Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets.**

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.3 **Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting**

Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.4 **Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities**

The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.5 **Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities**

The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is applicable to annual periods beginning on or after 1 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.5.1.6 **IFRIC 21 Levies**

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.2 **Accounting standards and interpretations issued and effective**

2.5.2.1 **IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures**

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard had no material impact on the group.

2.5.2.2 **Amendment to IAS 1, 'Financial statement presentation'**

The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment affected presentation only and had no impact on the Group's financial position or performance. The group has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

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 incorporates 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 Group and cease to be consolidated from the date that control ceased. Changes in the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 **Investments in associates**
An associate is an entity over which the Group 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 investee 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 investee 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 income statement on a straight-line basis over the estimated useful

3.5.2 lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in income statement. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

Intangible assets generated internally
Expenditures 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
  t 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.

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 accumulated depreciation and/or accumulated impairment losses. Acquisition costs includes the cost of replacing component parts of the property, plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 income statement 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 income statement 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 income statement 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 income statement.

3.6.7 **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 income statement.

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 income statement. 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 income statement.

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

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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 income statement 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 income statement 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

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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 income statement.

Financial assets are derecognized 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 income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement 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 recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement 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.

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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 income statement 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:

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- 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 income statement. 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 income statement.

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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. 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 income statement.

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.

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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 non-current 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 of 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 cashflows, 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.

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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 7.5% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes the remainder to make a total contribution of 15% 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 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a define contribution plan. The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The Group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

3.17.3 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

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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.

3.17.4 **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 tax. Tax is recognised in the income statement, 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 income statement 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.

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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 group 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 instruments**

At the issue date, the fair value of the liability component of a compound 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 income statement on a straight-line basis over the lease term on a systematic basis which is representative of the time pattern in which

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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 income statement 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 C & I Leasing's net investment in the finance lease. C & I Leasing Plc 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;

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- 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 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, C&I Leasing'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 intrasegment 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 judgment**

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment 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 comprehensive income 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 judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in

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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.

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 the statement of comprehensive income either through the income statement or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the income statement of the statement of comprehensive income. Therefore the financial instruments carried in the statement of financial position are shown based on their classifications in the table below:

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6.1 Classes of financial instrument

Group

	Financial assets				Financial liabilities	
	Fair value through profit or loss	Loans and receivables	Available for sale	Held to maturity	Fair value through profit or loss	Amortised cost
	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2013						
Assets						
Cash and balances with banks	979,909	-	-	-	-	-
Loans and receivables	-	819,485			-	-
Finance lease receivables	-	6,123,138	-	-	-	-
Available for sale assets	-	-	25,282	-	-	-
Trade receivables	-	17,219	-	-	-	-
Other assets	-	2,714,024	-	-	-	-
	979,909	**9,673,866**	**25,282**	-	-	-
Liabilities						
Balances due to banks	-	-	-	-	639,306	-
Borrowings	-	-	-	-	-	7,654,602
Trade payables	-	-	-	-	-	537,458
Other liabilities	-	-	-	-	-	1,662,635
	-	-	-	-	**639,306**	**9,854,695**

	Financial assets				Financial liabilities	
	Fair value through profit or loss	Loans and receivables	Available for sale	Held to maturity	Fair value through profit or loss	Amortised cost
	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2012						
Assets						
Cash and balances with banks	394,255	-	-	-	-	-
Loans and receivables	-	808,507				
Finance lease receivables	-	7,351,116	-	-	-	-
Available for sale assets	-	-	24,401	-	-	-
Trade receivables	-	205,956	-	-	-	-
Other assets	-	2,314,448	-	-	-	-
	394,255	**10,680,027**	**24,401**	-	-	-
Liabilities						
Balances due to banks	-	-	-	-	832,682	-
Borrowings	-	-	-	-	-	7,967,031
Trade payables	-	-	-	-	-	305,064
Other liabilities	-	-	-	-	-	1,502,038
	-	-	-	-	**832,682**	**9,774,133**

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Company

	Financial assets				Financial liabilities		
	Fair value through profit or loss	Loans and receivables	Available for sale	Held to maturity	through profit or loss	Amortised cost	Total carrying amount
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2013							
Assets							
Cash and balances with banks	820,466	-	-	-	-	-	820,466
Loans and receivables	-	2,530,000	-	-	-	-	2,530,000
Finance lease receivables	-	4,897,869	-	-	-	-	4,897,869
Available for sale assets	-	-	25,282	-	-	-	25,282
Other assets	-	2,700,137	-	-	-	-	2,700,137
	820,466	**10,128,006**	**25,282**	-	-	-	**10,973,754**
Liabilities							
Balances due to banks	-	-	-	-	590,121	-	590,121
Borrowings	-	-	-	-	-	6,801,489	6,801,489
Other liabilities	-	-	-	-	-	1,237,508	1,237,508
	-	-	-	-	**590,121**	**8,038,997**	**8,629,118**

	Financial assets				Financial liabilities		
	Fair value through profit or loss	Loans and receivables	Available for sale	Held to maturity	through profit or loss	Amortised cost	Total carrying amount
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2012							
Assets							
Cash and balances with banks	200,591	-	-	-	-	-	200,591
Loans and receivables	-	1,271,711	-	-	-	-	1,271,711
Finance lease receivables	-	5,999,936	-	-	-	-	5,999,936
Available for sale assets	-	-	24,401	-	-	-	24,401
Other assets	-	2,293,864	-	-	-	-	2,293,864
	200,591	**9,565,511**	**24,401**	-	-	-	**9,790,503**
Liabilities							
Balances due to banks	-	-	-	-	670,003	-	670,003
Borrowings	-	-	-	-	-	6,810,269	6,810,269
Trade payables	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	1,010,128	1,010,128
	-	-	-	-	**670,003**	**7,820,397**	**8,490,400**

6.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payable 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 year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 N25,282,000 (December 2012: N24,401,000) 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 only credit and counterparty risk.

The Group achieved capital adequacy ratio 28% at the end of the year, compared to 26% recorded for the period ended 31 December 2012 respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group	
	31 December 2013	31 December 2012
	N'000	N'000
Tier 1 capital		
Share capital	**808,505**	808,505
Share premium	**679,526**	679,526
Statutory reserve	**572,935**	460,532
Retained earnings	**509,704**	502,787
Total qualifying for tier 1 capital	**2,570,670**	2,451,350
Tier 2 capital		
Deposit for shares	**1,937,850**	1,951,350
Statutory credit reserve	**48,447**	16,648
Exchange translation reserve	**30,327**	100,631
AFS fair value reserve	**4,394**	3,510
Revaluation reserve	**395,882**	243,840
Total qualifying for tier 2 capital	**2,416,900**	2,315,979
Total regulatory capital	**4,987,570**	4,767,329
Risk - weighted assets		
On balance sheet	**18,042,369**	18,335,147
Total risk weighted assets	**18,042,369**	18,335,147
Risk-weighted capital adequacy ratio (CAR)	**28%**	26%

8 Risk management framework

The primary objective of C & I Leasing 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.

C & I Leasing Plc'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 arised from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 C&I Leasing Plc.

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 requirements.

To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

C&I Leasing's operations are subject to regulatory requirements of Central Bank Nigeria (CBN) and Securities Exchange Commission (SEC), 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.
- documentataion of controls and procedures.
- training and professional development.
- ethical and business standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 delays 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	
	31 December 2013	31 December 2012
	N'ooo	N'ooo
Financial assets		
Cash and balances with banks	979,909	394,255
Loans and receivables	819,485	808,507
Finance lease receivables	6,123,138	7,351,116
Available for sale assets	25,282	24,401
Trade receivables	17,219	205,956
Other assets	2,714,024	2,314,448
	10,679,057	11,098,683
	Company	
	31 December 2013	31 December 2012
	N'ooo	N'ooo
Financial assets		
Cash and balances with banks	820,466	200,591
Loans and receivables	2,530,000	1,271,711
Finance lease receivables	4,897,869	5,999,936
Available for sale assets	25,282	24,401
Trade receivables	-	-
Other assets	2,700,137	2,293,864
	10,973,754	9,790,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 cashflow 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 Group also makes use of bank overdraft facilities - N639,306,479 (December 2012: N832,682,000).

The Group employs policies and procedures to mitigate it's exposure to liquidity risk. The Group complies with minimum regulatory requirements.

8.3.2 Liquidity risks

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

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

	Group	
	Current	Non-current
	N'ooo	N'ooo
31 December 2013		
Balance due to banks	639,306	-
Borrowings	6,517,754	3,902,102
Trade payables	537,458	-
Other liabilities	1,890,131	-
	9,584,649	3,902,102
31 December 2012		
Balance due to banks	832,682	-
Borrowings	5,204,752	2,762,279
Trade payables	305,064	-
Other liabilities	1,502,038	-
	7,844,536	2,762,279

	Company	
	Current	Non-current
	N'ooo	N'ooo
31 December 2013		
Balance due to banks	590,121	-
Borrowings	6,511,625	3,257,769
Other liabilities	1,237,508	-
	8,339,254	3,257,769
31 December 2012		
Balance due to banks	670,003	-
Borrowings	4,697,240	4,241,024
Other liabilities	1,010,128	-
	6,377,371	4,241,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 cashflows 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 Ghanian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in this period 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, covering short and long term funding.

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 financial statements is considered positive because of the continuous increase and stability in value of equities in the past few years. Furthermore, there was a positive impact on the income statement because of the portion of investment disposed off during the period - equity shares in Guaranty Trust Bank (Gross Domestic Receipt), however all other gains due to increase in market prices were recorded in the fair value reserve through the other comprehensive income.

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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:"

- Provisions for loans recognised in the profit and 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 income statement. 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 2013, the Company has transferred N31,800,000 (31 December 2012: Nil) 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 year then ended.

In line with the same directive of the CBN, the Company has reconciled the statutory credit reserve as at 31 December 2013, by comparing the provision and impairment as determined under both bases. A reconciliation of this amount is provided below:

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	31 December 2013	31 December 2012
	N'000	N'000
Company		
Total IFRS impairment losses	796,317	832,593
Prudential provisions	(828,117)	(544,688)
Transfer to statutory credit reserve	**(31,800)**	**287,905**
Analysis of the IFRS impairment losses		
Finance lease receivables (Note 38.1)	49,474	60,624
Lease rental due (Note 38.1)	97,558	158,445
Loans and receivables (Note 38.1)	16,190	14,733
Other assets (Note 38.1)	633,095	598,791
Total IFRS impairment losses	**796,317**	**832,593**
Analysis of the provision for loan losses per prudential guidelines		
Finance lease receivables	49,474	60,624
Lease rental due	91,798	123,944
Loans and receivables	43,259	20,919
Other assets	643,586	339,202
Total Prudential provision for losses	**828,117**	**544,689**

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		N'000	N'000	N'000	N'000
10.	**Cash and balances with banks**				
	Cash in hand	**951**	2,231	**31**	-
	Current balances with banks	**978,958**	392,024	**820,435**	200,591
		979,909	394,255	**820,466**	200,591
11.	**Loans and receivables**				
	Lease rental due	**881,271**	896,356	**801,736**	810,924
	Loans and advances	**162,127**	144,320	**57,692**	32,295
	Intercompany loans (Note 11.1)	**-**	-	**1,784,320**	601,670
		1,043,398	1,040,676	**2,643,748**	1,444,889
	Impairment allowance (Note 11.4)	**(223,913)**	(232,169)	**(113,748)**	(173,178)
		819,485	808,507	**2,530,000**	1,271,711

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		Group		Company	
		31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
11.1	**Intercompany loans**				
	C&I Motors Limited	-	-	-	305,093
	Citrans Global Limited	-	-	**313,576**	296,577
	Leasafric Ghana Limited	-	-	**9,958**	-
	EPIC International FZE, United Arab Emirates	-	-	**1,460,786**	-
		-	-	**1,784,320**	601,670
11.2	**Analysis of loans and receivables by security**				
	Secured	-	-	-	-
	Otherwise secured	**1,043,398**	1,040,676	**2,643,748**	1,444,889
		1,043,398	1,040,676	**2,643,748**	1,444,889
11.3	**Loans and receivables are further analysed as follows:**				
	Less than one year	**659,483**	937,369	**1,987,703**	1,324,020
	More than one year and less than five years	**383,915**	99,698	**656,044**	117,606
	More than five years	-	3,609	-	3,263
		1,043,398	1,040,676	**2,643,747**	1,444,889
11.4	**Impairment allowance on loans and receivables**				
	Lease rental due (Note 11.5)	**155,398**	182,480	**97,558**	158,445
	Loans and advances (Note 11.6)	**68,515**	49,689	**16,190**	14,733
		223,913	232,169	**113,748**	173,178
11.5	**Analysis of impairment allowance - Lease rental due**				
	Specific impairment	**147,323**	181,210	**89,483**	157,175
	Collective impairment	**8,075**	1,270	**8,075**	1,270
		155,398	182,480	**97,558**	158,445
11.5.1	**Movement in impairment allowance - Lease rental due**				
	At the beginning of the year	**182,480**	156,847	**158,445**	156,846
	Charge for the year	**40,610**	18,794	**6,805**	18,794
	Provision no longer required	**(67,692)**	-	**(67,692)**	-
	Written back in the year	-	24,034	-	-
	Written off in the year	-	(17,195)	-	(17,195)
	At the end of the year	**155,398**	182,480	**97,558**	158,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		N'000	N'000	N'000	N'000
11.6	**Analysis of impairment allowance - Loans and advances**				
	Specific impairment	66,128	49,689	13,803	14,733
	Collective impairment	2,387	-	2,387	-
		68,515	49,689	16,190	14,733
11.6.1	**Movement in impairment allowance - Loans and advances**				
	At the beginning of the year	49,689	82,959	14,733	82,716
	Charge for the year	19,756	34,713	2,387	-
	Provision no longer required	(930)	(32,810)	(930)	(32,649)
	Written off in the year	-	(35,173)	-	(35,334)
	At the end of the year	68,515	49,689	16,190	14,733
12.	**Trade receivables**				
	Gross trade receivables	22,339	211,076	-	-
	Impairment allowance	(5,120)	(5,120)	-	-
		17,219	205,956	-	-
13.	**Finance lease receivables**				
	Gross finance lease receivable	7,167,272	7,984,245	5,212,776	6,380,222
	Unearned lease interest	(933,254)	(471,735)	(265,433)	(319,662)
	Net investment in finance lease	6,234,018	7,512,510	4,947,343	6,060,560
	Impairment allowance (Note 13.4)	(110,880)	(161,394)	(49,474)	(60,624)
		6,123,138	7,351,116	4,897,869	5,999,936
13.2	**The net investment in finance lease may be analysed as follows:**				
	Less than one year	1,244,123	1,886,167	987,341	1,209,506
	More than one year and less than five years	4,989,895	5,626,343	3,960,001	4,851,054
	More than five years	-	-	-	-
		6,234,018	7,512,510	4,947,342	6,060,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
13.3 Analysis into current portion and non-current portion				
Current portion	**1,244,123**	1,886,167	**987,341**	1,209,506
Non-current portion	**4,989,895**	5,626,343	**3,960,001**	4,851,054
	6,234,018	7,512,510	**4,947,342**	6,060,560
13.4 Analysis of impairment allowance - Finance lease receivables				
Specific impairment	-	-	-	-
Collective impairment	**110,880**	161,394	**49,474**	60,624
	110,880	161,394	**49,474**	60,624
13.4 Movement in impairment allowance - Finance lease receivables				
At the beginning of the year	**161,394**	248,780	**60,624**	59,442
Charge for the year	-	1,287	-	1,182
Provision no longer required	**(34,643)**	(8,208)	**(11,150)**	-
Written off in the year	**(15,871)**	(80,465)	-	-
At the end of the year	**110,880**	161,394	**49,474**	60,624

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
14. Available for sale assets				
14.1 Listed equities - at fair value				
Diamond Bank Plc (GDR)	**8,711**	8,782	**8,711**	8,782
First Bank of Nigeria Plc	**13,371**	12,895	**13,371**	12,895
Fidelity Bank Plc	**3,200**	2,724	**3,200**	2,724
	25,282	24,401	**25,282**	24,401
15. Investment in subsidiaries				
Leasafric Ghana Limited	-	-	**709,257**	709,257
C&I Motors Limited	-	-	**700,000**	700,000
Citrans Global Services Limited	-	-	**191,667**	191,667
EPIC International FZE, United Arab Emirat	-		**4,231**	4,231
	-	-	**1,605,155**	**1,605,155**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	85.03%	31 December
C & I Motors Limited (Note 15.1.2)	Marketing and distribution of vehicles	Nigeria	100%	31 December
Citrans Global Limited (Note 15.1.3)	Transportation and logistics	Nigeria	76.67%	31 December
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.4)	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 Ghanian company authorised by the Bank of Ghana to provide leasing business. Leasafric Ghana was incorporated in Ghana. The requisite approval for C&I Leasing Plc investment in Leasafric Ghana was obtained from Central Bank of Nigeria.

15.1.2 **C & I Motors Limited**

C & I Motors Limited was incorporated in Nigeria as a private limited liability company on 12 June 2007 and commenced business on 23 April 2008. The company was established to engage in the marketing and distribution of Suzuki brands in Nigeria. It is presently a representative of Suzuki Motor Corporation, Japan in Nigeria.

15.1.3 **Citrans Global Limited**

Citrans Global Limited was incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company on 12 August, 2008 and commenced operations on 26 May 2009. Its principal activities is provision of transportation and logistics to individuals and corporate organisations. The company is the operator of Red Cab taxi brand in Nigeria.

15.1.4 **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 underlisted entities:

- C&I Leasing Plc
- C&I Motors Limited
- Citrans Global Limited
- Leasafric Ghana Limited
- EPIC International FZE, U.A.E.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.2.1

Condensed results of consolidated entities

31 December 2013

	Parent - C&I Leasing Plc	C&I Motors Limited	Citrans Global Limited	Leasafric Ghana Limited	EPIC International FZE, U.A.E	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed income statement								
Gross earnings	**10,239,812**	**1,275,941**	**257,123**	**716,732**	**1,032**	**12,490,640**	**(122,093)**	**12,368,547**
Operating income	8,822,751	307,062	193,045	572,353	1,032	9,896,243	(3,298)	9,892,945
Impairment charge	36,277	(1,786)	(58,422)	23,267	-	(664)	-	(664)
Depreciation expense	(1,070,107)	(17,535)	(23,506)	(249,970)	-	(1,361,118)	-	(1,361,118)
Other operating expenses	(5,893,062)	-	(88,829)	(182,164)	-	(6,164,055)	-	(6,164,055)
Personnel expenses	(584,942)	(85,143)	(39,981)	(43,686)	-	(753,752)	-	(753,752)
Distribution	-	(164,917)	-	-	-	(164,917)	-	(164,917)
Administrative expenses	(952,617)	(104,812)	(41,052)	(39,778)	(8,963)	(1,147,222)	3,306	(1,143,916)
Profit/(loss) before tax	358,300	(67,131)	(58,745)	80,022	(7,931)	304,515	8	304,523
Income tax	(72,989)	(1,577)	(41,957)	(26,402)	-	(142,925)	-	(142,925)
Profit/(loss) after tax	**285,311**	**(68,708)**	**(100,702)**	**53,620**	**(7,931)**	**161,590**	**8**	**161,596**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013
Condensed statement of financial position

	C&I Leasing Plc	C&I Motors Limited	Citrans Global Limited	Leasafric Ghana Limited	EPIC International FZE, U.A.E	Total	Elimination adjustments	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets								
Cash and balances with banks	820,466	50,293	5,360	98,565	5,225	979,909	-	979,909
Loans and receivables	2,530,000	160,266	79,816	-	-	2,770,082	(1,950,596)	819,485
Trade receivables	-	17,219	-	-	-	17,219	-	17,219
Finance lease receivables	4,897,869	-	612,636	612,633	-	6,123,138	-	6,123,138
Available for sale financial assets	25,282	-	-	-	-	25,282	-	25,282
Investment in subsidiaries	1,605,155	-	-	-	-	1,605,155	(1,605,155)	-
Other assets	2,773,719	43,215	2,217	13,807	661	2,833,619	-	2,833,616
Inventory	-	808,006	25,044	-	-	833,050	-	833,054
Operating lease assets	6,148,729	-	-	649,374	1,450,807	8,248,910	-	8,248,911
Property, plant and equipment	1,011,388	32,623	21,405	74,207	-	1,139,623	-	1,139,621
Intangible assets	33,187	-	-	-	-	33,187	-	33,187
Current income tax assets	-	-	-	371	-	371	-	373
Deferred income tax assets	813,120	43,288	17,481	-	-	873,889	10,355	884,244
Total assets	**20,658,915**	**1,154,910**	**763,959**	**1,448,957**	**1,456,693**	**25,483,434**	**(3,545,396)**	**21,938,039**
Liabilities and equity								
Balances due to banks	590,121	49,186	-	-	-	639,307	-	639,306
Commercial notes	2,967,907	-				2,967,907	-	2,974,143
Borrowings	6,801,489	-	181,615	677,734	1,427,987	9,088,825	(1,427,987)	7,654,602
Trade payables	-	537,458	-	-	-	537,458	-	537,458
Deferred maintenance charge	2,828,059	-	-	-	-	2,828,059	-	2,828,059
Other liabilities	1,237,508	455,921	508,095	172,407	32,799	2,406,730	(516,599)	1,890,131
Retirement benefit obligations	24,288	-	-	-	-	24,288	-	24,288
Current income tax liability	191,822	10,415	6,570	-	-	208,807	-	208,808
Deferred income tax liability	-	-	-	50,948	-	50,948	11,853	62,802
Equity and reserves	6,017,721	101,930	67,677	547,869	(4,093)	6,731,104	(1,612,663)	5,118,442
Total liabilities and equity	**20,658,915**	**1,154,910**	**763,957**	**1,448,958**	**1,456,693**	**25,483,433**	**(3,545,396)**	**21,938,039**
Condensed cash flows								
Net cash from operating activities	2,566,611	215,708	137,112	344,147	71,858	3,335,436	1,587,249	4,922,685
Net cash from investing activities	(408,669)	(4,365)	(47,854)	(325,573)	(1,450,738)	(2,237,199)	33,291	(2,203,908)
Net cash from financing activities	(1,458,185)	(88,253)	(89,117)	(36,147)	1,379,851	(291,851)	(1,647,896)	(1,939,747)
Movement in cash and cash equivalents	699,757	123,090	141	(17,573)	971	806,386	(27,356)	779,030
Cash and cash equivalents at start of year	(469,412)	(121,983)	5,219	116,137	4,256	(465,783)	27,356	(438,427)
Cash and cash equivalents at year end	**230,345**	**1,107**	**5,360**	**98,564**	**5,227**	**335,376**	-	**340,603**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14.2.1

Condensed results of consolidated entities (Cont'd)

31 December 2012

	C&I Leasing Plc	C&I Motors Limited	Citrans Global Limited	Leasafric Ghana Limited	EPIC International FZE, U.A.E	Total	Elimination adjustments	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed income statement								
Gross earnings	**10,092,696**	**817,100**	**330,825**	**632,595**	**972**	**11,874,188**	**(113,721)**	**11,760,467**
Operating income	5,254,433	261,372	283,993	444,425	972	6,245,195	(130,372)	9,652,208
Impairment charge	(241,705)	(10,144)	(33,764)	8,209	-	(277,404)	-	(277,404)
Operating expenses	(1,975,229)	(91,034)	(90,404)	(72,379)	-	(2,229,046)	91,033	(6,828,344)
Administrative expenses	(966,338)	(282,724)	(178,104)	(293,014)	(632)	(1,720,812)	37,940	(2,365,837)
Profit/(Loss) before tax	2,071,161	(122,530)	(18,279)	87,241	340	2,017,933	(1,399)	180,623
Income tax expense	74,749	108,394	(1,894)	(37,012)	-	144,237	-	72,277
Profit/(Loss) after tax	**2,145,910**	**(14,136)**	**(20,173)**	**50,229**	**340**	**2,162,170**	**(1,399)**	**252,900**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14.2.1

Condensed results of consolidated entities (Cont'd)
31 December 2012

Condensed statement of financial position	C&I Leasing Plc	C&I Motors Limited	Citrans Global Limited	Leasafric Ghana Limited	EPIC International FZE, U.A.E	Total	Elimination adjustments	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets								
Cash and balances due from banks	200,591	39,417	6,497	143,494	4,256	394,255	-	394,255
Loans and advances	1,271,711	-	132,393	5,423	-	1,409,527	(601,020)	808,507
Trade receivables	-	205,956	-	-	-	205,956	-	205,956
Finance lease receivables	5,999,936	-	635,006	716,174	-	7,351,116	-	7,351,116
Available for sale financial assets	24,401	-	-	-	-	24,401	-	24,401
Investment in subsidiaries	1,605,155	-	-	-	-	1,605,155	(1,605,155)	-
Other assets	2,299,973	120,567	13,367	22,374	632	2,456,912	(73,703)	2,383,209
Inventories	-	748,095	18,076	-	-	766,171	-	766,172
Operating lease assets	6,877,565	-	-	708,794	-	7,586,359	-	7,586,359
Property, plant and equipment	900,019	31,310	43,884	67,712	-	1,042,925	-	1,042,925
Current income tax assets	-	-	-	36,184	-	36,184	-	36,184
Deferred income tax assets	813,120	39,718	57,912	-	-	910,750	(47,138)	863,612
Total assets	**19,992,471**	**1,185,063**	**907,135**	**1,700,155**	**4,888**	**23,789,712**	**(2,327,016)**	**21,462,695**
Liabilities and equity								
Balance due to banks	670,003	161,400	1,278	-	-	832,681	-	832,682
Commercial notes	2,127,996	-	-	-	-	2,127,996	-	2,129,197
Borrowings	6,810,269	-	270,730	887,233	-	7,968,233	-	7,967,031
Trade payables	-	305,067	-	-	-	305,067	-	305,064
Deferred maintenance charge	3,465,253	-	-	-	-	3,465,253	-	3,465,253
Other liabilities	1,010,128	542,273	451,350	166,660	1,048	2,171,459	(669,421)	1,502,038
Retirement benefit obligations	164,669	-	-	-	-	164,669	-	164,669
Current income tax liabilty	118,832	5,687	5,046	-	-	129,565	-	129,564
Deferred income tax liability	-	-	-	43,591	-	43,591	3,543	47,134
Equity and reserves	5,625,321	170,637	178,733	602,673	3,841	6,581,204	(1,661,141)	4,920,063
Total liabilities and equity	**19,992,472**	**1,185,063**	**907,135**	**1,700,155**	**4,888**	**23,789,713**	**(2,327,019)**	**21,462,695**
Condensed cash flows								
Net cash from operating activities	2,361,754	(96,460)	75,092	428,948	(313)	2,769,021	185,893	2,954,914
Net cash from investing activities	(1,654,288)	(540)	-	(621,305)	-	(2,276,133)	489,715	(1,786,418)
Net cash from financing activities	(148,217)	(72,157)	(73,353)	311,124	313	17,710	(675,222)	(657,512)
Movement in cash and cash equivalents	559,249	(169,157)	1,739	118,767	(0)	510,598	386	510,984
Cash and cash equivalents at start of period	(1,028,661)	47,175	3,480	24,720	4,256	(949,030)	3,874	(949,411)
Cash and cash equivalents at period end	**(469,412)**	**(121,982)**	**5,219**	**143,487**	**4,256**	**(442,688)**	**4,260**	**(438,427)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
16. Other assets				
Financial assets:				
Operating lease service receivables	**903,502**	1,279,373	**903,502**	1,279,373
Finance lease in process	**727,105**	-	**727,105**	-
Account receivables	**743,509**	944,782	**743,509**	944,782
Inter-company receivables	-	-	-	74,378
Other debit balances	**189,567**	310,717	**151,135**	211,045
Consumables	**15,933**	-	**15,938**	-
Insurance receivables	**89,357**	100,340	**86,045**	97,028
Withholding tax receivables	**711,054**	301,675	**705,998**	286,049
	3,380,027	2,936,887	**3,333,232**	2,892,655
Impairment allowance (Note 16.1)	**(666,003)**	(622,440)	**(633,095)**	(598,791)
	2,714,024	2,314,447	**2,700,137**	2,293,864
Non-financial assets:				
Prepayments	**119,592**	68,761	**73,582**	6,109
Net other assets balance	**2,833,616**	2,383,208	**2,773,719**	2,299,973
16.1 Analysis of impairment				
Specific impairment	**582,080**	516,927	**549,171**	493,278
Collective impairment	**83,924**	105,513	**83,924**	105,513
	666,004	622,440	**633,095**	598,791
16.2. Movement in				
At the beginning of the year	**622,440**	417,450	**598,791**	344,413
Charge for the year	**65,152**	267,976	**55,893**	254,378
Provision no longer required	**(21,589)**	(5,850)	**(21,589)**	-
Written off in the year	-	(57,136)	-	-
At the end of the year	**666,003**	622,440	**633,095**	598,791
All other financial assets on the				
17. Inventories				
Motor vehicles	**728,412**	669,076	-	-
Tracking devices	**23,031**	18,077	-	-
Vehicle spare parts	**79,598**	79,019	-	-
Goods in transit	**3,515**	1,502	-	-
	834,556	767,674	-	-
Impairment allowance	**(1,502)**	(1,502)	-	-
	833,054	766,172	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Operating lease assets

Group

	Autos and trucks	Office	Marine	Construction in	Cranes	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
At 1 February 2012	3,355,219	21,516	5,441,672	-	391,759	9,210,166
Additions	1,693,646	-	17,429	127,674	-	1,838,749
Transfer to own assets	(1,100)	-	-	-	-	(1,100)
Disposals in the period	(267,079)	-	(116,696)	-	-	(383,775)
Exchange difference	(62,533)	-	-	-	-	(62,533)
At 31 December 2012	4,718,153	21,516	5,342,405	127,674	391,759	10,601,507
Accumulated depreciation						
At 1 February 2012	1,398,371	21,490	604,026	-	183,624	2,207,511
Charge for the period	815,022	15	226,828	-	35,897	1,077,762
Transfer to own assets	(52)	-	-	-	-	(52)
Disposals in the period	(211,658)	-	(31,542)	-	-	(243,200)
Exchange difference	(26,873)	-	-	-	-	(26,873)
At 31 December 2012	1,974,810	21,505	799,312	-	219,521	3,015,148
Carrying amount						
At 31 December 2012	**2,743,343**	**11**	**4,543,093**	**127,674**	**172,238**	**7,586,359**

	Autos and trucks	Office	Marine	Construction in	Cranes	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
At 1 January 2013	4,718,153	21,516	5,342,405	127,674	391,759	10,601,507
Additions	683,323	-	55,737	1,450,807	-	2,189,867
Transfer	-	-	-	(127,674)	-	(127,674)
Disposals in the year	(289,914)	-	-	-	-	(289,914)
Exchange difference	(184,164)	-	-	-	-	(184,164)
At 31 December 2013	4,927,398	21,516	5,398,142	1,450,807	391,759	12,189,622
Accumulated depreciation						
At 1 January 2013	1,974,809	21,505	799,312	-	219,521	3,015,147
Charge for the year	978,005	4	242,249	-	23,860	1,244,118
Disposals in the year	(269,516)	-	-	-	-	(269,516)
Exchange difference	(49,038)	-	-	-	-	(49,038)
At 31 December 2013	2,634,260	21,509	1,041,561	-	243,381	3,940,711
Carrying amount						
At 31 December 2013	**2,293,138**	**7**	**4,356,581**	**1,450,807**	**148,378**	**8,248,911**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. **Operating lease assets**

Company

	Autos and trucks	Office equipment	Marine equipment	Construction in progress	Cranes	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
Cost						
At 1 February 2012	2,886,613	21,516	5,441,672	-	391,759	8,741,560
Additions	1,107,050	-	17,429	127,674	-	1,252,153
Transfer to own assets	(1,100)	-	-	-	-	(1,100)
Disposals in the period	(240,428)	-	(116,696)	-	-	(357,124)
At 31 December 2012	3,752,135	21,516	5,342,405	127,674	391,759	9,635,489
Accumulated depreciation						
At 1 February 2012	1,274,025	21,490	604,026	-	183,624	2,083,165
Charge for the period	649,629	15	226,828	-	35,897	912,369
Transfer to own assets	(52)	-	-	-	-	(52)
Disposals in the period	(206,016)	-	(31,542)	-	-	(237,558)
At 31 December 2012	1,717,586	21,505	799,312	-	219,521	2,757,924
Carrying amount						
At 31 December 2012	**2,034,549**	**11**	**4,543,093**	**127,674**	**172,238**	**6,877,565**

	Autos and trucks	Office	Marine equipment	Construction in	Cranes	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
Cost						
At 1 January 2013	3,752,135	21,516	5,342,405	127,674	391,759	9,635,489
Additions	363,240		55,737	-	-	418,977
Transfer	-	-	-	(127,674)	-	(127,674)
Disposals in the year	(272,951)	-	-	-	-	(272,951)
At 31 December 2013	3,842,424	21,516	5,398,142	-	391,759	9,653,841
Accumulated depreciation						
At 1 January 2013	1,717,586	21,505	799,312	-	219,521	2,757,924
Charge for the year	739,976	4	242,249	-	23,860	1,006,089
Disposals in the year	(258,901)	-	-	-	-	(258,901)
At 31 December 2013	2,198,661	21,509	1,041,561	-	243,381	3,505,112
Carrying amount						
At 31 December 2013	**1,643,763**	**7**	**4,356,581**	**-**	**148,378**	**6,148,729**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Property, plant and equipment

Group	**trucks**	**and fittings**	**equipment**	**machinery**	**Buildings**	**Land**	**in progress**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Valuation/Cost								
At 1 February 2012	231,194	87,762	279,808	44,955	230,473	238,676	77,239	1,190,107
Additions	132,113	6,234	17,024	908	-	39,614	-	195,893
Revaluation surplus	-	-	-	-	81,193	162,647	-	243,840
Transfer/Reclassification	-	-	-	-	56,000	-	(56,000)	-
Disposal in the period	(493)	-	(11,271)	-	-	-	-	(11,764)
Exchange difference	(1,536)	(583)	(9,776)	-	(361)	-	-	(12,256)
At 31 December 2012	361,278	93,413	275,785	45,863	367,305	440,937	21,239	1,605,820
Accumulated depreciation								
At 1 February 2012	140,463	46,420	148,975	32,390	94,075	-	-	462,323
Charge for the period	32,855	15,460	39,774	5,627	24,719	-	-	118,435
Disposal in the period	(489)	16	(12,050)	-	-	-	-	(12,523)
Exchange difference	(1,735)	(566)	(3,039)	-	-	-	-	(5,340)
At 31 December 2012	171,094	61,330	173,660	38,017	118,794	-	-	562,895
Carrying amount								
2012	**190,184**	**32,083**	**102,125**	**7,846**	**248,511**	**440,937**	**21,239**	**1,042,925**
Valuation/Cost								
At 1 January 2013	361,278	93,413	275,785	45,863	367,305	440,937	21,239	1,605,820
Additions	41,006	4,329	12,787	11,778	-	4,029	-	73,929
Revaluation surplus	-	-	-	-	35,028	117,015	-	152,043
Disposal in the year	(12,930)	-	-	-	-	-	-	(12,930)
Exchange difference	(2,479)	(40,965)	23,091	-	6,823	(13,493)	-	(27,023)
At 31 December 2013	386,875	56,777	311,663	57,641	409,156	548,488	21,239	1,791,839
Accumulated depreciation								
At 1 January 2013	171,094	61,330	173,660	38,017	118,794	-	-	562,895
Charge for the year	58,216	10,227	34,506	5,619	8,432	-	-	117,000
Disposal in the year	(10,274)	-	-	-	-	-	-	(10,274)
Exchange difference	(3,023)	(31,896)	20,313	-	(2,797)	-	-	(17,403)
At 31 December 2013	216,013	39,661	228,479	43,636	124,429	-	-	652,218
Carrying amount								
2013	**170,862**	**17,116**	**83,184**	**14,005**	**284,727**	**548,488**	**21,239**	**1,139,621**

19.1 The land and buildings of the group were revalued on 31 December 2013 by Messrs Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N978,000,000 (31December 2012: N937,000,000.00). The surplus arising from the revaluation was credited to the revaluation reserve through the other comprehensive income. Subsequent additions are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Property, plant and equipment
Company

	Autos and trucks	Furniture and fittings	Office equipment	Plant and machinery	Buildings	Land	Construction in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Valuation/Cost								
At 1 February 2012	113,196	30,000	148,605	28,089	117,965	236,309	77,239	751,403
Additions	124,634	5,388	15,369	908	-	7,010	-	153,309
Revaluation surplus	-	-	-	-	81,193	162,647	-	243,840
Transfer/Reclassifications	-	-	-	-	56,000	-	(56,000)	-
At 31 December, 2012	237,830	35,388	163,974	28,997	255,158	405,966	21,239	1,148,552
Accumulated depreciation								
At 1 February 2012	53,841	19,012	103,796	21,016	12,613	-	-	210,278
Charge for the period	14,661	3,248	14,531	2,535	3,280	-	-	38,255
Disposal in the period	-	-	-	-	-	-	-	-
At 31 December, 2012	68,502	22,260	118,327	23,551	15,893	-	-	248,533
Carrying amount								
At 31 December 2012	**169,328**	**13,128**	**45,647**	**5,446**	**239,265**	**405,966**	**21,239**	**900,019**
Valuation/Cost								
At 1 January 2013	237,830	35,388	163,974	28,997	255,158	405,966	21,239	1,148,552
Additions	2,500	1,862	11,090	10,548	-	-	-	26,000
Revaluation surplus	-	-	-	-	35,028	117,015	-	152,043
Disposal in the year	(12,930)	-	-	-	-	-	-	(12,930)
At 31 December, 2013	227,400	37,250	175,064	39,545	290,186	522,981	21,239	1,292,426
Accumulated depreciation								
At 1 January 2013	68,503	22,260	118,327	23,551	15,893	-	-	248,534
Charge for the year	37,745	3,457	14,239	3,473	5,103	-	-	64,017
Disposal in the year	(10,274)	-	-	-	-	-	-	(10,274)
At 31 December, 2013	95,974	25,717	132,566	27,024	20,996	-	-	302,277
Carrying amount								
At 31 December 2013	**131,426**	**11,533**	**42,498**	**12,521**	**269,190**	**522,981**	**21,239**	**1,011,388**

19.1 The land and buildings of the group were revalued on 31 December 2013 by Messrs Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N978,000,000 (31December 2012: N937,000,000.00). The surplus arising from the revaluation was credited to the revaluation reserve through the other comprehensive income. Subsequent additions are stated at cost.

19.2 As stipulated in the Paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions, the revaluation surplus of N337,873,117 (31 December 2012: N541,865,603) (difference between the market and the historical values of the eligible property, plant and equipment being revalued) has been discounted by 55%. Therefore, the amount of N152,042,902 (31 December 2012:N243,839,521) has been recognised in the revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
20. Intangible assets				
Computer software				
Cost				
Additions	33,187	-	33,187	-
	33,187	-	33,187	-
Amortisation				
Amortisation charge	-	-	-	-
	-	-	-	-
Net carrying amount				
At 31 December	33,187	-	33,187	-
Amortisation has not been charged for				
The software is not internally generated.				
21. Balance due to banks				
Access Bank Plc	-	5,241	-	5,241
Diamond Bank Plc	383,050	394,699	333,865	333,743
Fidelity Bank Plc	47,772	34,234	47,772	34,234
Zenith Bank Plc	13,789	114,974	13,789	114,974
First Bank of Nigeria Limited	194,695	183,090	194,695	181,811
Standard Chartered Bank Limited	-	100,444	-	-
	639,306	832,682	590,121	670,003
22. Commercial notes				
Institutional clients	664,449	563,225	664,449	553,279
Individual clients	2,309,694	1,565,972	2,303,458	1,574,717
	2,974,143	2,129,197	2,967,907	2,127,996
22.1 Analysis of				
Current	2,974,143	2,129,197	2,967,907	2,127,996
Non-current	-	-	-	-
	2,974,143	2,129,197	2,967,907	2,127,996
23. Other liabilities				
Financial liabilities:				
Security deposits	71,708	73,946	22,196	35,841
Statutory deductions (WHT, PAYE)	214,012	92,063	147,076	60,196
Intercompany balances	-	1,047	68,729	7,984
Accounts payable	878,071	1,067,141	404,689	779,116
Payments received on account	487,219	-	487,219	-
Deferred rental income	11,625	30,375	11,625	30,375
	1,662,635	1,264,572	1,141,534	913,512
Non-financial liabilities:				
Provision and accruals	227,496	237,466	95,974	96,616
Total other liabilities	1,890,131	1,502,038	1,237,508	1,010,128
24. Deferred				
At the end of the year	2,828,059	3,465,253	2,828,059	3,465,253

24.1 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 income statement over the tenor of the fleet management contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
25.	**Taxation**				
25.1	**Income tax charge**				
	Income tax	**64,290**	56,844	**58,290**	53,562
	Education tax	**11,371**	7,293	**11,117**	7,293
	Technology tax	**3,583**	2,360	**3,583**	2,360
	Current income tax	**79,244**	66,497	**72,990**	63,215
	Current income tax credit	**10,734**	(36,784)	-	-
	Deferred tax credit	**(3,151)**	(141,317)	-	(137,964)
	Deferred tax charge	**56,099**	39,327	-	-
	Income tax	**142,926**	(72,277)	**72,990**	(74,749)
	Reconciliation of effective tax rate				
	Profit before tax	**304,523**	180,623	**358,304**	235,979
	Tax calculated using the domestic corporation tax	**91,357**	56,106	**107,491**	70,793
	Effect of tax rates in foreign jurisdictions	**10,734**	(36,784)	-	-
	Tax income exempt	**(232,561)**	(217,093)	**(232,561)**	(217,093)
	Non-deductible expenses	**369,082**	263,627	**327,836**	249,842
	Effect of education tax levy	**11,371**	7,293	**11,117**	7,293
	Effect of technology tax levy	**3,583**	2,360	**3,583**	2,360
	Effect of minimum tax	**4,729**	2,360	-	2,360
	Effect of disposal of items of PPE	**(15,837)**	(26,121)	**(15,837)**	(29,494)
	Tax reliefs	**(99,530)**	(124,026)	**(128,639)**	(160,810)
	Total income tax	**142,928**	(72,277)	**72,990**	(74,749)
25.2	**Current income tax liability**				
	At the beginning of the year	**129,564**	97,011	**118,832**	55,617
	Charge for the year (Note 25.1)	**79,244**	66,497	**72,990**	63,215
	Payments during the year	-	(33,944)	-	-
	At the end of the year	**208,808**	129,564	**191,822**	118,832
25.3	**Current income tax assets**				
	At the beginning of the year	**(36,184)**	1,472	-	-
	Charge for the year (Note 25.1)	**10,734**	(36,784)	-	-
	Payments during the year	**(11,976)**	(872)	-	-
	Exchange difference	**37,053**	-	-	-
	At the end of the year	**(373)**	(36,184)	-	-
25.3	**Deferred income tax assets**				
	At the beginning of the year	**(863,612)**	(722,295)	**(813,120)**	(675,156)
	Charge in the year (Note 25.1)	**37,280**	(141,317)	-	(137,964)
	Prior year adjustment	**(57,912)**	-	-	-
	At the end of the year	**(884,244)**	(863,612)	**(813,120)**	(813,120)
25.3.1	**Analysis of deferred income tax assets**				
	Property, plant and equipment	**(884,244)**	(853,257)	**(813,120)**	(813,120)
	Allowance for loan and other assets losses	-	(10,355)	-	-
		(884,244)	(863,612)	**(813,120)**	(813,120)
25.4	**Deferred income tax liability**				
	At the beginning of the year	**47,134**	7,807	-	-
	Charge during the year	**15,668**	39,327	-	-
	At the end of the year	**62,802**	47,134	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
25. Taxation (Continued)				
25.4. Analysis of deferred income tax liability				
Property, plant and equipment	**62,802**	47,134	-	-
Tax losses carried forward	-	-	-	-
	62,802	47,134	-	-
26. Borrowings				
Term loans	**4,090,647**	3,206,683	**4,090,647**	3,206,683
Finance lease facilities (Note 26.2)	**2,715,866**	3,806,248	**1,862,753**	2,649,486
Redeemable bonds (Note 26.3)	**848,089**	954,100	**848,089**	954,100
	7,654,602	7,967,031	**6,801,489**	6,810,269
The Group has not had any defaults of principal,				
26.1 Term loans				
First City Monument Bank Plc (Note 26.1.3)	**2,122,240**	2,495,640	**2,122,240**	2,495,640
Fidelity Bank (Note 26.1.4)	**560,720**	711,043	**560,720**	711,043
ABSA Bank Limited, South Africa (Note 26.1.5)	**651,083**	-	**651,083**	-
Diamond Bank Plc (Note 26.1.6)	**756,604**	-	**756,604**	-
	4,090,647	3,206,683	**4,090,647**	3,206,683
26.1.: Analysis of term loans				
Current	**1,854,691**	791,526	**1,854,691**	798,736
Non-current	**2,235,956**	2,415,157	**2,235,956**	2,407,947
	4,090,647	3,206,683	**4,090,647**	3,206,683
26.1.: Movement in borrowings				
At the beginning of the year	**7,967,031**	6,104,451	**6,810,268**	4,939,875
Obtained in the year	**1,503,447**	2,090,103	**1,503,447**	2,097,916
Effective interest charge	-	143,052	-	143,052
Repayment during the year	**(1,815,878)**	(370,575)	**(1,512,230)**	(370,575)
At the end of the year	**7,654,600**	7,967,031	**6,801,485**	6,810,268

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 Dollar interest rate. The loan is secured by mortgage on the boats being financed.

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 30months effective from October 2013. The interest on the loan is 16% per annum.

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.

26.1.6 **Diamond Bank Plc**

Facility represents N770,000,000 term loan secured from Diamond Bank Plc under a loan agreement dated 1 March 2013 for a period of three years effective 2 December 2012. The interest on the loan is 18% per annum. The facility is required to enable the Company meets its financial obligations on outsourcing services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		N'000	N'000	N'000	N'000
26.2	**Finance lease facilities**				
	Diamond Bank Plc (Note 26.2.2)	**873,950**	1,349,982	**873,950**	1,349,982
	Stanbic IBTC Bank (Note 26.2.3)	**407,453**	546,286	**207,360**	285,229
	First Bank Nigeria Ltd (Note 26.2.4)	**423,780**	469,449	**407,034**	386,996
	Access Bank Plc (Note 26.2.5)	**45,066**	209,189	**32,969**	68,228
	Leadway Assurance Company Ltd (Note 26.2.6)	**164,869**	188,278	-	-
	Lotus Capital Limited (Note 26.2.7)	**72,439**	132,841	**72,439**	132,841
	United Bank for Africa (Note 26.2.8)	**59,834**	124,179	**46,035**	98,280
	Golden Cedar, Ghana (Note 26.2.9)	**135,367**	226,538	-	-
	Barclays Bank Ghana (Note 26.2.10)	**96,910**	151,752	-	-
	FSDH Merchant Bank Ltd (Note 26.2.11)	**222,966**	310,390	**222,966**	310,390
	Intercontinental Bank, Ghana	**158,621**	-	-	-
	Others	**54,611**	97,364	-	17,540
		2,715,866	3,806,248	**1,862,753**	2,649,486
26.2.1	**Analysis of finance lease facility**				
	Current	**1,688,920**	2,010,685	**1,480,138**	1,497,164
	Non-current	**1,026,946**	1,795,563	**382,613**	1,152,321
		2,715,866	3,806,248	**1,862,751**	2,649,485

26.2.2 **Diamond Bank Plc**

Facility represents N1.5 billion consumer lease finance facility secured from Diamond Bank Plc in April 2009 for a period of four years, to finance up to 90% of various lease facilities availed by C&I to its clients. The interest payable on the facility is 18% per annum. The facility was secured by legal ownership of assets financed under the lease contract.

26.2.3 **Stanbic IBTC Bank Plc**

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

26.2.4 **First Bank Nigeria Limited**

This relates to N2 billion equipment lease facility secured from First Bank Nigeria Limited on 10 February 2011 for a period of four years. 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.

26.2.5 **Access Bank Plc**

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

26.2.6 **Leadway Assurance Company Limited**

Facility represents N147 million finance lease facility secured by Citrans Global Limited from Leadway Assurance Company for a period of four years. The interest on the facility is 18% per annum and was secured by corporate guarantee of C&I Leasing Plc.

26.2.7 **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26.2.8 **United Bank for Africa Plc**

Facility represents N500 million contract/lease finance facility secured from United Bank for Africa Plc in August 2011 for a period of three years, to part-finance 80% of various lease facilities availed by the C&I to its clients. The interest on the facility is 16% per annum. The facility was secured by joint ownership of leased asset/equipment by UBA and C&I Leasing.

26.2.9 **Golden Cedar, Ghana**

Facility represents US$1 million and one million Ghana Cedis equipment lease facility secured from Golden Cedar Limited, Ghana in July 2012 for a period of three years. The interest on the facility is 10.5% plus LIBOR and 4% plus Bank of Ghana Prime rate for the US Dollar and Ghana Cedis denominated loans. The facility is secured by negative pledge and corporate guarantee of C&I Leasing.

26.2.10 **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.

26.2.11 **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.

		Group		Company	
		31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
26.3	**Redeemable bonds**				
	First Pension Custodian Ltd	**306,756**	345,100	**306,756**	345,100
	First Securities Discount House Ltd	**451,111**	507,500	**451,111**	507,500
	UBA Pension Custodian Ltd	**90,222**	101,500	**90,222**	101,500
		848,089	954,100	**848,089**	954,100
26.3.1	**Analysis of redeemable bonds**				
	Current	**208,889**	273,344	**208,889**	273,344
	Non-current	**639,200**	680,756	**639,200**	680,756
		848,089	954,100	**848,089**	954,100

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

The redeemable bonds represent N940 million notes issued by subscribers (as indicated above) on 30 November 2012 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 commencing from 31 May 2013. The loan is direct, unconditional and secured obligation of C&I Leasing.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
27. Retirement benefit obligations				
Defined contribution pension plan (Note 27.1)	**24,288**	164,669	**24,288**	164,669
	24,288	164,669	**24,288**	164,669
27.1 Defined contribution pension plan				
At the beginning of the year	**164,669**	205,688	**164,669**	205,688
Contribution during the year	**420,046**	350,511	**420,046**	350,511
Remittance during the year	**(560,427)**	(391,530)	**(560,427)**	(391,530)
At the end of the year	**24,288**	164,669	**24,288**	164,669

27.1.1 The Group and its employees make a joint contribution of 15% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	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
29. Deposit for shares				
At the beginning of the year	**1,951,350**	1,565,500	**1,951,350**	1,565,500
Addition during the year	-	416,958	-	416,958
Exchange difference	**(13,500)**	(31,108)	**(13,500)**	(31,108)
At the end of the year	**1,937,850**	1,951,350	**1,937,850**	1,951,350

This represents US$10,000,000 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 year, to dividend declared by C&I Leasing 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	
	31 December 2013	2012	2013	2012
	N'000	N'000	N'000	N'000
30. Statutory reserve				
At the beginning of the year	**460,532**	339,094	**425,359**	332,141
Transfer from income statement	**112,403**	121,438	**85,593**	93,218
At the end of the year	**572,935**	460,532	**510,952**	425,359

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	31 December 2013	2012	2013	2012
	N'000	N'000	N'000	N'000
31. Statutory credit reserve				
At the beginning of the year	**16,648**	16,648	-	-
Arising in the year	**31,799**	-	**31,799**	-
At the end of the year	**48,447**	16,648	**31,799**	-

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) is recorded in this reserve. This reserve is non distributable.

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
32 Retained earnings				
At the beginning of the year	**502,787**	370,263	**1,513,231**	1,295,721
Dividend declared and paid	**(32,340)**	-	**(32,340)**	-
Transfer from income statement	**39,257**	132,524	**167,922**	217,510
At the end of the year	**509,704**	502,787	**1,648,813**	1,513,231
33. Foreign currency translation reserve				
At the beginning of the year	**100,631**	183,184	-	-
Arising in the year	**(70,304)**	(82,553)	-	-
At the end of the year	**30,327**	100,631	-	-
This represents net exchange difference arising from translation of reserve balances of foreign entity at closing rate.				
34 AFS fair value reserve				
At the beginning of the year	**3,510**	(1,522)	**3,510**	(1,522)
Gain arising in the year	**884**	5,032	**884**	5,032
At the end of the year	**4,394**	3,510	**4,394**	3,510

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
35 Revaluation reserve				
At the beginning of the year	**243,840**	-	**243,840**	-
Arising during the year	**152,042**	243,840	**152,042**	243,840
At the end of the year	**395,882**	243,840	**395,882**	243,840

Revaluation reserve relates 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 N337,873,117 (31 December 2012: N541,865,603) (difference between the market and the historical values of the eligible property, plant and equipment being revalued) has been discounted by 55%. Therefore, the amount of N152,042,902 (31 December 2012: N243,839,521) has been recognised in the revaluation reserve.

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	N'000	N'000	N'000	N'000
36. Non controlling interest				
At the beginning of the year	**152,734**	153,796	-	-
Share of profit from Leaseafric Ghana	**4,014**	3,198	-	-
Share of loss from Citrans Global	**(25,876)**	(4,260)	-	-
At the end of the year	**130,872**	152,734	-	-
37. Cash and cash equivalents				
Cash and balances with banks (Note 10)	**979,909**	394,255	**820,466**	200,591
Balance due to banks (Note 21)	**(639,306)**	(832,682)	**(590,121)**	(670,003)
	340,603	(438,427)	**230,345**	(469,412)

	Group		Company	
	12 months to 31 December 2013	11 months to 31 December 2012	12 months to 31 December 2013	11 months to 31 December 2012
	N'000	N'000	N'000	N'000
38. Impairment charge				
Finance lease receivables	**(34,643)**	(6,921)	**(11,150)**	1,182
Lease rental due	**(27,082)**	18,794	**(60,887)**	18,794
Loans and advances	**18,826**	1,903	**1,457**	(32,649)
Other assets	**43,564**	262,126	**34,304**	254,378
Inventory	-	1,502	-	-
Per income statement	**665**	277,404	**(36,276)**	241,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group impairment charge in the financial year ended 31 December 2013 dropped to N664,000 from N277.404 million in December 2012. This is due to the recovery of lease rental receivables and other assets during the financial year.

38 Reconciliation of impairment allowance on loans and receivables, finance lease receivables and other assets

Group

	Inventory	Loans and advances	Lease rental due	Finance lease receivables	Other assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 February 2012						
Specific impairment	-	82,959	152,711	-	338,024	573,694
Collective impairment	-	-	4,136	248,780	79,426	332,342
	-	82,959	156,847	248,780	417,450	906,036
Additional provision						
Specific impairment	1,502	34,713	17,523	-	182,654	236,392
Collective impairment	-	-	1,271	1,287	85,322	87,880
No longer required	-	(32,810)	-	(8,208)	(5,850)	(46,868)
Income statement	1,502	1,903	18,794	(6,921)	262,126	277,404
Written off	-	(35,173)	6,839	(80,465)	(57,136)	(165,935)
At 31 December 2012						
Specific impairment	1,502	49,689	181,210	-	516,927	749,328
Collective impairment	-	-	1,271	161,394	105,513	268,178
	1,502	49,689	182,481	161,394	622,440	1,017,506
Additional provision						
Specific impairment	-	17,369	33,805	-	65,152	116,326
Collective impairment	-	2,387	6,805	-	-	9,192
No longer required	-	(930)	(67,692)	(34,643)	(21,589)	(124,854)
Income statement	-	18,826	(27,082)	(34,643)	43,563	664
Written off	-	-	-	(15,871)	-	(15,871)
At 31 December 2013						
Specific impairment	1,502	66,128	215,015	-	582,079	864,724
Collective impairment	-	2,387	8,076	110,880	83,924	205,267
	1,502	68,515	223,091	110,880	666,003	1,069,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Company

	Loans and advances	Lease rental due	Finance lease receivables	Other assets	Total
	N'000	N'000	N'000	N'000	N'000
At 1 February 2012					
Specific impairment	82,716	152,711	-	264,987	500,414
Collective impairment	-	4,136	59,442	79,426	143,004
	82,716	156,847	59,442	344,413	643,418
Additional impairment					
Specific impairment	-	17,523	-	228,291	245,814
Collective impairment	-	1,271	1,182	26,087	28,540
No longer required	(32,649)	-	-	-	(32,649)
Income statement	(32,649)	18,794	1,182	254,378	241,705
Written off	(35,334)	(17,195)	-	-	(52,529)
At 31 December 2012					
Specific impairment	14,733	157,175	-	493,278	665,186
Collective impairment	-	1,271	60,624	105,513	167,408
	14,733	158,446	60,624	598,791	832,594
Additional provision					
Specific impairment	-	-	-	55,893	55,893
Collective impairment	2,387	6,805	-	-	9,192
No longer required	(930)	(67,692)	(11,150)	(21,589)	(101,361)
Income statement	1,457	(60,887)	(11,150)	34,304	(36,276)
At 31 Decemeber 2013					
Specific impairment	13,803	89,483	-	549,171	652,457
Collective impairment	2,387	8,076	49,474	83,924	143,861
	16,190	97,559	49,474	633,095	796,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		31 December 2013	11 months to 31 December 2012	31 December 2013	31 December 2012
		N'000	N'000	N'000	N'000
39.	**Lease rental income**				
	Finance lease	**2,740,133**	3,195,451	**2,606,438**	2,956,865
	Operating lease	**3,148,969**	2,197,787	**2,529,628**	1,875,126
		5,889,102	5,393,238	**5,136,066**	4,831,991
40.	**Lease interest expense**				
	Finance lease interest	**589,775**	837,108	**462,295**	653,196
	Commercial notes interest	**442,375**	410,212	**442,375**	410,212
	Term loans interest	**562,826**	304,239	**512,392**	236,498
		1,594,976	1,551,559	**1,417,062**	1,299,906
41.	**Outsourcing income**				
	Outsourcing rental	**4,553,800**	4,823,995	**4,553,800**	4,823,995
	Outsourcing service expense	**(3,568,317)**	(3,777,963)	**(3,568,317)**	(3,777,963)
		985,483	1,046,032	**985,483**	1,046,032

		Group		Company	
		12 months to 31 December 2013	11 months to 31 December 2012	12 months to 31 December 2013	11 months to 31 December 2012
		N'000	N'000	N'000	N'000
42.	**Vehicle sales**				
	Vehicles	**1,119,374**	636,836	-	-
	Accessories	**107,844**	102,162	-	-
	Others	**33,985**	28,127	-	-
		1,261,203	767,125	-	-
43.	**Vehicles operating expenses**				
	Vehicles	**796,102**	481,658	-	-
	Accessories	**84,524**	54,413	-	-
	Others	-	19,657	-	-
		880,626	555,728	-	-
44.	**Tracking and tagging income**				
	Tracking income	**92,158**	64,626	-	-
	Tagging income	-	43,768	-	-
		92,158	108,394	-	-
45.	**Interest income**				
	Interest on loans and advances	**40**	261	**40**	260
	Interest on bank deposits	**22,391**	11,479	**7,969**	1,112
		22,431	11,740	**8,009**	1,372
46.	**Other income**				
	Gain on sale of operating lease assets (Note 46.1)	**69,657**	87,072	**52,425**	87,072
	Gain on sale of property, plant and equipment (Note 46.2)	**364**	4,493	**364**	-
	Foreign exchange gain	-	103,211	-	80,219
	Gain on disposal of finance lease assets (Note 46.3)	**131,294**	-	**131,294**	-
	Gain on disposal of investments securities	-	11,242	-	11,242
	Insurance claims received	**56,052**	81,341	**56,052**	81,341
	Insurance income on finance leases	**13,528**	16,187	**13,528**	16,187
	Investment income	**22,210**	10,343	**22,210**	10,343
	Advertisement income	**64,593**	89,080	-	-
	Franchise	**5,835**	-	-	-
	Service charge	-	18,232	-	-
	Rent received	**20,250**	24,437	**20,250**	437
	Others	**166,070**	210,338	**245,814**	148,497
		549,853	655,976	**541,937**	435,338
46.1	**Gain on sale of operating lease assets**				
	Proceeds from sale	**90,055**	206,639	**66,475**	206,639
	Gross value	**289,914**	357,124	**272,951**	357,124
	Accumulated depreciation	**(269,516)**	(237,557)	**(258,901)**	(237,557)
	Carrying amount	**20,398**	119,567	**14,050**	119,567
	Profit on disposal	**69,657**	87,072	**52,425**	87,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		12months to 31 December 2013 N'ooo	11 months to 31 December 2012 N'ooo	12 months to 31 December 2013 N'ooo	11 months to 31 December 2012 N'ooo
46.2	**Gain on sale of property, plant and equipment**				
	Proceeds from sale	3,020	4,547	3,020	-
	Gross value	12,930	12,577	12,930	-
	Accumulated depreciation	(10,274)	(12,523)	(10,274)	-
	Carrying amount	2,656	54	2,656	-
	Profit on disposal	364	4,493	364	-
46.3	**Gain on disposal of finance lease assets**				
	Proceeds from sale	131,294	-	131,294	-
	Carrying amount	-	-	-	-
	Profit on disposal	131,294	-	131,294	-
47.	**Operating expenses**				
	Direct operating expenses	2,148,257	1,539,512	1,966,093	1,498,150
	Finance lease assets maintenance	262,978	311,172	174,149	193,253
	Finance lease assets insurance	184,502	293,132	184,502	283,826
		2,595,737	2,143,816	2,324,744	1,975,229
48.	**Depreciation expense**				
	Operating lease assets	1,244,117	1,077,762	1,006,089	912,368
	Property, plant and equipment	117,000	118,435	64,018	38,259
		1,361,117	1,196,197	1,070,107	950,627
49.	**Personnel expense**				
	Salaries and allowances	684,556	652,891	520,167	527,237
	Pension contribution expense	22,288	28,578	19,753	26,703
	Training and medical	46,908	87,688	45,022	91,009
		753,752	769,157	584,942	644,949
50.	**Distribution expenses**				
	Marketing	120,073	83,343	-	-
	Advertising	44,845	7,691	-	-
		164,918	91,034	-	-
51.	**Administrative expenses**				
	Auditors' remuneration	26,214	24,614	15,400	14,000
	Directors' emoluments	45,104	37,408	10,524	11,932
	Foreign exchange loss	50,500	-	18,966	-
	Bank charges	118,968	180,247	113,058	142,018
	Fuel and maintenance	489,660	401,445	466,795	375,920
	Insurance	44,206	43,974	40,442	43,974
	Advert and external relations	11,939	161,151	11,939	27,809
	Travel and entertainment	65,164	65,802	48,328	57,667
	Legal and professional expenses	88,705	60,536	81,985	58,269
	Communications	45,053	50,557	40,625	38,718
	Subscriptions	43,260	23,631	41,239	20,019
	Bad debts	1,693	82,558	624	58,739
	Levies and penalties	2,149	51,333	2,149	49,952
	Other administrative expenses	111,301	33,731	60,538	67,321
		1,143,916	1,216,987	952,612	966,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	12 months to 31 December 2013	11 months to 31 December 2012	12 months to 31 December 2013	11 months to 31 December 2012
	N'000	N'000	N'000	N'000
52. Reconciliation of profit after tax to net cash provided by				
Profit after taxation	161,597	252,900	285,314	310,728
Adjustment to reconcile profit after tax to net cash provided by operating activities:				
Depreciation of property, plant and equipment	117,000	118,435	64,017	38,255
Depreciation of operating lease assets	1,244,118	1,077,762	1,006,089	912,369
Impairment charge	664	277,404	(36,276)	241,705
Interest on finance lease facilities and loans	(1,594,976)	1,551,559	1,417,062	1,299,906
Exchange (gain)/loss	(13,500)	(31,108)	(13,500)	(31,108)
Increase/(decrease) in current income tax liability	79,244	30,193	72,990	60,855
Increase/(decrease) in current income tax assets	10,734	-	-	-
(Decrease)/Increase in deferred income tax assets	(20,632)	(178,101)	-	137,964
(Decrease)/Increase in deferred income tax liability	15,668	39,327	-	-
Profit on disposal of operating lease assets	(69,657)	(87,072)	(52,425)	(87,072)
Profit on disposal of finance lease assets	-	-	-	-
Profit on disposal of property, plant and equipment	(364)	(4,493)	(364)	-
Profit on disposal of investments	-	(11,242)	-	11,242
Foreign currency translation	111,495	100,635	-	-
Operating profit before changes in operating assets and	(120,206)	2,883,299	2,457,593	2,584,116
Net decrease/(increase) in operating assets (Note 52)	3,751,061	134,721	(908,387)	55,005
Net increase in operating liabilities (Note 53)	1,130,233	(316,007)	732,091	(588,095)
Total adjustments	4,761,088	2,702,013	2,281,297	2,051,026
Net cash provided by operating activities	4,922,685	2,954,913	2,566,611	2,361,754
53. Decrease/(increase) in operating assets				
Loans and receivables	(2,765,286)	(91,102)	1,947,811	(31,730)
Finance lease receivables	1,262,621	(98,955)	1,090,917	(116,352)
Other assets	5,512,448	541,473	(3,947,115)	203,087
Inventories	(66,882)	(175,389)	-	-
Trade receivables	(191,840)	(41,306)	-	-
	3,751,061	134,721	(908,387)	55,005
54. Increase in operating liabilities				
Commercial notes	1,287,321	(936,288)	1,282,286	(937,489)
Trade payables	232,394	32,241	-	-
Other liabilities	388,093	383,303	227,380	144,657
Deferred maintenance charge	(637,194)	245,756	(637,194)	245,756
Retirement benefit obligations	(140,381)	(41,019)	(140,381)	(41,019)
	1,130,233	(316,007)	732,091	(588,095)

55 Basic earnings per share

Earnings per share (basic) (EPS) have been computed for each period on the profit after taxation attributable to ordinary shareholders and divided by the weighted average number of issued No.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 in December 2013 (December 2012 : Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Group		Company	
		12 months to 31 December 2013 N'000	11 months to 31 December 2012 N'000	12 months to 31 December 2013 N'000	11 months to 31 December 2012 N'000
	Profit after taxation	**183,459**	253,962	**285,314**	310,728
		Number	**Number**	**Number**	**Number**
	Number of shares at period 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	**11**	16	**18**	19
	Earnings per share (EPS) (kobo) - diluted	**11**	16	**18**	19
		N'000	**N'000**	**N'000**	**N'000**
56.	**Information regarding Directors and employees**				
56.1	**Directors**				
56.1.1	**Directors' emoluments**				
	Fees	**7,810**	8,200	**6,200**	8,200
	Other emoluments	**37,294**	29,208	**4,324**	3,732
		45,104	37,408	**10,524**	11,932
56.1.2	Fees and emoluments disclosed above excluding pension contributions include amounts paid to:				
	The Chairman	**1,200**	1,200	**1,200**	1,200
	The highest paid Director	**9,575**	9,575	**9,575**	9,575
56.1.3	The number of Directors [including the Chairman and the				
		Number	**Number**	**Number**	**Number**
	N240,001 - N400,000	-	8	-	8
	N400,001 - N1,550,000	**10**	2	**8**	1
	N1,550,001 - N5,000,000	**1**	1	-	1
	N5,000,000 - N8,000,000	-	-	**1**	-
	N8,000,001 - N11,000,000	**1**	1	**1**	-
		12	12	**10**	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

			Group		Company	
			12 months to 31 December 2013 Number	11 months to 31 December 2012 Number	12 months to 31 December 2013 Number	11 months to 31 December 2012 Number
56.2	Employees					
56.2.1	The average number of persons employed by the Group during the perid was as follows:					
	Managerial		**35**	40	**22**	27
	Senior staff		**64**	60	**56**	60
	Junior staff		**590**	628	**505**	538
			689	728	**583**	625
56.2.2	The number of employess of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:					
	N	N				
	70,001	80,000	-	-	-	-
	80,001	90,000	-	-	-	-
	90,001	100,000	-	-	-	-
	100,001	110,000	-	-	-	-
	110,001	120,000	-	-	-	-
	120,001	130,000	-	-	-	-
	140,001	150,000	-	-	-	-
	150,001	190,000	-	-	-	-
	190,001	200,000	-	-	-	-
	200,001	220,000	-	-	-	-
	220,001	230,000	-	-	-	-
	230,001	250,000	-	-	-	-
	250,001	370,000	**184**	150	**172**	138
	370,001	420,000	**318**	360	**278**	320
	430,001	580,000	**88**	110	**58**	80
	580,001	700,000	**26**	28	**23**	25
	700,001	750,000	**18**	23	**15**	20
	840,001	850,000	**20**	17	**18**	15
	1,000,001	1,100,000	**13**	11	**6**	4
	1,100,001	1,150,000	**5**	8	**4**	7
	1,200,001	1,400,000	**6**	8	**5**	7
	1,500,000	1,550,000	**5**	6	**4**	5
	1,650,000	2,050,000	**6**	7	**3**	4
			689	728	**586**	625

57 **Reclassification of comparative figures**

Certain comparative figures in these 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 financial statements as at that date or which needs to be mentioned in the 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 financial statements.

NOTES TO THE CONSOLIDATED 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 2013 (31 December 2012: Nil).

61 Related party transactions

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

A number of transactions are 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 expense and income 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:

		12 months to 31 December 2013	11 months to 31 December 2012
		N'000	N'000
	Citrans Global Limited	**313,576**	296,577
	C&I Motors Limited	-	305,093
	Leasafic Ghana Limited	**9,958**	-
	EPIC International FZE, U.AE.	**1,460,786**	-
		1,784,320	601,670
	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.		
61.2	**Borrowings from related parties**		
	The company obtained finance lease facilities and term loans from other companies that have common directors with the company. The rates and terms agreed are comparable to other facilities being held in the company's portfolio. Details of these are described below:		
	Diamond Bank Plc	**1,630,554**	1,683,725
		1,630,554	1,683,725
61.3	**Other transactions with related parties**		
	Interest income	**122,096**	113,721
	Inter-company payable- C&I Motors Limited	**68,729**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

62 Segment reporting

62.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the period ended 31 December 2013:

	Fleet management	Finance leases	Personnel outsourcing	Marine services	Total
	N'000	N'000	N'000	N'000	N'000
Gross earnings	**3,848,489**	**122,814**	**4,665,348**	**1,603,163**	**10,239,814**
Operating income	3,075,241	83,437	4,374,561	1,289,511	8,822,750
Operating expenses	(1,496,159)	(6,086)	(3,697,836)	(692,982)	(5,893,063)
Depreciation	(789,443)	(12,804)	(12,804)	(255,057)	(1,070,108)
Impairment loss	53,186	2,752	(7,991)	(11,671)	36,276
Personnel expense	(99,517)	(27,047)	(328,823)	(129,555)	(584,942)
Administrative expenses	(669,270)	(20,450)	(151,190)	(111,702)	(952,612)
Profit before taxation	**74,038**	**19,794**	175,917	**88,544**	**358,303**
Total assets employed	11,718,557	908,533	1,887,196	6,238,454	20,752,740
Interest Expense	773,248	39,376	290,787	313,653	1,417,064
Earnings Before Interest and Tax	847,287	59,174	466,705	402,197	1,775,363
ROCE (EBIT/Total Asset)	7%	7%	25%	6%	9%

	12 months to 31 December 2013	11 months to 31 December 2012
	N'000	N'000
62.2 Geographical information		
1. Revenue		
Nigeria	**11,650,783**	11,126,900
Ghana	**716,732**	632,595
United Arab Emirates	**1,032**	973
	12,368,547	11,760,468
2. Total assets		
Nigeria	**19,032,388**	20,610,085
Ghana	**1,448,958**	847,722
United Arab Emirates	**1,456,693**	4,888
	21,938,039	21,462,695

63 **Compliance with regulations**

A penalty of N975,000 was paid by the Company for late submission of its audited consolidated financial statements for the period ended 31 December 2012 to the Central Bank of Nigeria for approval in accordance with section 25 of the Banks and Other Financial Institutions Act, Cap B3, LFN 2004.

64 **Dividend per Share**

A dividend of N64,680,400 at 4 kobo per share that relates to the year ended 31 December 2013 is proposed by the Directors.

VALUE ADDED STATEMENT - GROUP

	12 months to 31 December 2013		11 months to 31 December 2012	
	N'000	%	N'000	%
Gross income	12,368,547		11,760,468	
Interest expense	(1,594,976)		(1,551,559)	
	10,773,571		10,208,909	
Administrative overheads:				
Local	(6,400,321)		(6,088,992)	
Foreign	(326,542)		(421,571)	
Value added	4,046,708	100	3,698,346	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	753,752	19	769,157	21
To pay government:				
Current income tax	89,978	2	66,497	2
To pay shareholders:				
Dividend	32,340	1	-	-
To pay providers of capital:				
Interest	1,594,976	39	1,551,559	42
Retained for future replacement of assets and expansion of business:				
- Depreciation	1,361,117	34	1,196,197	32
- Deferred income tax	52,948	1	(137,964)	(4)
- Profit for the year/period	161,597	4	252,900	6
	4,046,708	100	3,698,346	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.

VALUE ADDED STATEMENT - COMPANY

	12 months to 31 December 2013		11 months to 31 December 2012	
	N'000	%	N'000	%
Gross income	**10,239,812**		10,092,696	
Interest expense	**(1,417,062)**		(1,299,906)	
	8,822,750		8,792,790	
Administrative overheads:				
Local	**(5,359,995)**		(5,661,329)	
Foreign	-		-	
Value added	**3,462,755**	**100**	3,131,461	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	**584,942**	**17**	644,949	21
To pay Government:				
Current income tax	**72,990**	**2**	63,215	2
To pay shareholders:				
Dividend	**32,340**	**1**	-	
To pay providers of capital:				
Interest	**1,417,062**	**41**	1,299,906	42
Retained for future replacement of assets and expansion of business:				
- Depreciation of property, plant and equipment	**1,070,107**	**31**	950,627	30
- Deferred income tax	-	-	(137,964)	(4)
- Profit for the year/period	**285,314**	**8**	310,728	10
	3,462,755	**100**	3,131,461	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

	As reported under IFRS				As reported NGAAP
	31 December 2013	31 December 2012	31 January 2012	31 January 2011	31 January 2010
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and balances with banks	**979,909**	394,255	455,593	357,607	2,302,120
Loans and receivables	**819,485**	808,507	605,281	253,951	271,202
Trade receivables	**17,219**	205,956	241,351	247,068	-
Finance lease receivables	**6,123,138**	7,351,116	7,164,775	4,227,630	4,176,098
Available for sale assets	**25,282**	24,401	45,166	46,453	46,688
Other assets	**2,833,616**	2,383,208	3,133,271	3,380,824	4,150,960
Inventories	**833,054**	766,172	585,730	626,698	-
Operating lease assets	**8,248,911**	7,586,359	7,002,655	2,834,758	1,352,210
Property, plant and equipment	**1,139,621**	1,042,925	727,784	741,508	653,670
Intangible assets	**33,187**	-	-	709	-
Current income tax assets	**373**	36,184	-	-	-
Deferred income tax assets	**884,244**	863,612	675,156	527,376	-
Total assets	**21,938,039**	21,462,695	20,636,762	13,244,582	12,952,948
Liabilities					
Balance due to banks	**639,306**	832,682	1,405,004	1,475,880	682,721
Commercial notes	**2,974,143**	2,129,197	3,065,485	2,347,911	
Trade payables	**537,458**	305,064	272,823	114,604	-
Deferred maintenance charge	**2,828,059**	3,465,253	3,219,497	743,143	324,646
Current income tax liability	**208,808**	129,564	43,461	48,846	248,435
Other liabilities	**1,890,131**	1,502,038	1,127,061	745,450	6,359,405
Borrowings	**7,654,602**	7,967,031	7,174,942	3,877,878	904,779
Convertible bond	-	-	-	-	2,258,085
Retirement benefits obligation	**24,288**	164,669	205,688	99,420	66,146
Deferred income tax liability	**62,802**	47,134	7,807	8,412	-
Total liabilities	**16,819,597**	16,542,632	16,521,768	9,461,544	10,844,217
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	**1,937,850**	1,951,350	1,565,500	1,498,500	-
Statutory reserves	**572,935**	460,532	339,094	321,405	294,817
Statutory credit reserve	**48,447**	16,648	16,648	1,215	1,215
Retained earnings	**509,704**	502,787	370,263	335,517	205,229
Exchange translation reserve	**30,327**	100,631	183,184	-	-
AFS fair value reserve	**4,394**	3,510	(1,522)	(235)	-
Revaluation reserve	**395,882**	243,840	-	-	-
	4,987,570	4,767,329	3,961,198	3,644,433	1,989,292
Non-controlling interest	**130,872**	152,734	153,796	138,605	119,439
Total equity	**5,118,442**	4,920,063	4,114,994	3,783,038	2,108,731
Total liabilities and equity	**21,938,039**	21,462,695	20,636,762	13,244,582	12,952,948

FINANCIAL SUMMARY - GROUP

	As reported under IFRS				As reported under NGAAP
	31 December 2013	31 December 2012	31 January 2012	31 January 2011	31 January 2010
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**12,368,547**	11,760,468	10,495,768	8,647,445	8,287,858
Operating income	**6,324,628**	5,875,218	8,616,215	8,647,445	8,287,858
Operating expenses	**(2,595,737)**	(2,143,816)	(6,036,872)	(6,706,212)	(6,363,428)
Administrative expenses	**(3,423,703)**	(3,273,375)	(2,374,090)	(1,834,990)	(1,651,511)
Impairment charge	**(665)**	(277,404)	(228,736)	(215,725)	(161,752)
Profit/(loss) before tax	**304,523**	180,623	(23,482)	(109,482)	111,167
Income tax expense	**(142,926)**	72,277	91,108	(47,440)	(118,127)
Profit/(loss) after tax	**161,597**	252,900	67,626	(156,922)	(6,960)
Profit/(loss) attributable to:					
Owners of the parent	**161,597**	253,962	52,435	(176,088)	(42,181)
Non-controlling interest	-	(1,062)	15,191	19,166	35,221
	161,597	252,900	67,626	(156,922)	(6,960)
Earnings/(loss) per share in ko	**11**	16	4	(19)	9

FINANCIAL SUMMARY - COMPANY

	As reported under IFRS				As reported
	31 December 2013	31 December 2012	31 January 2012	31 January 2011	31 January 2010
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and balances with banks	**820,466**	200,591	223,479	146,782	1,948,175
Loans and receivables	**2,530,000**	1,271,711	1,173,598	938,599	629,263
Finance lease receivables	**4,897,869**	5,999,936	5,884,766	2,971,143	2,640,899
Available for sale financial assets	**25,282**	24,401	45,166	46,453	46,688
Investments in subsidiaries	**1,605,155**	1,605,155	1,112,652	1,112,652	612,652
Other assets	**2,773,719**	2,299,973	2,761,673	2,922,468	2,465,082
Operating lease assets	**6,148,729**	6,877,565	6,658,395	2,626,274	1,284,238
Property, plant and equipment	**1,011,388**	900,019	541,125	547,382	451,882
Intangible assets	**33,187**	-	-	-	-
Deferred income tax assets	**813,120**	813,120	675,156	527,376	-
Total assets	**20,658,915**	19,992,471	19,076,010	11,839,129	10,078,879
Liabilities					
Balance due to banks	**590,121**	670,003	1,252,140	809,273	495,469
Commercial notes	**2,967,907**	2,127,996	3,065,485	2,347,911	1,554,887
Other liabilities	**1,237,508**	1,010,128	880,151	245,621	383,200
Deferred maintenance charge	**2,828,059**	3,465,253	3,219,497	743,143	324,646
Current income tax liability	**191,822**	118,832	43,298	45,277	230,679
Borrowings	**6,801,489**	6,810,269	5,729,880	3,000,871	2,358,298
Convertible bond	-	-	-	-	2,278,305
Retirement benefit obligations	**24,288**	164,669	205,688	99,420	66,146
Total liabilities	**14,641,194**	14,367,150	14,396,139	7,291,516	7,691,630
Equity					
Share capital	**808,505**	808,505	808,505	808,505	808,505
Deposit for shares	**1,937,850**	1,951,350	1,565,500	1,498,500	-
Share premium	**679,526**	679,526	679,526	679,526	679,526
Statutory reserve	**510,952**	425,359	332,141	312,335	288,940
Statutory credit reserve	**31,799**	-	-	-	-
Retained earnings	**1,648,813**	1,513,231	1,295,721	1,248,982	-
AFS fair value reserve	**4,394**	3,510	(1,522)	(235)	610,278
Revaluation reserve	**395,882**	243,840	-	-	-
Total equity	**6,017,721**	5,625,321	4,679,871	4,547,613	2,387,249
Total liabilities and equity	**20,658,915**	19,992,471	19,076,010	11,839,129	10,078,879

FINANCIAL SUMMARY - COMPANY

	As reported under IFRS				As reported under NGAAP
	31 December 2013	31 December 2012	31 January 2012	31 January 2011	31 January 2010
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**10,239,812**	10,092,696	8,409,439	6,205,274	5,178,687
Operating income	**8,822,751**	5,014,828	7,791,095	6,205,274	5,178,687
Impairment charge	**36,276**	(241,705)	(249,646)	(205,819)	(47,681)
Other operating expenses	**(5,893,062)**	(1,975,229)	(5,386,564)	(4,228,905)	(3,427,461)
Depreciation expense	**(1,070,107)**	(950,627)	(491,847)	(525,366)	(556,594)
Personnel expenses	**(584,942)**	(644,949)	(927,251)	(582,390)	(460,050)
Administrative expenses	**(952,612)**	(966,338)	(765,379)	(461,553)	(349,452)
Profit before tax	**358,304**	235,980	(29,592)	201,241	337,449
Exceptional item	-	-	-	-	114,145
Income tax expense	**(72,990)**	74,749	96,137	(45,277)	(116,592)
Profit after tax	**285,314**	310,729	66,545	155,964	335,002
Profit attributable to:					
Owners of the parent	**285,314**	310,729	66,545	155,964	335,002
Non-controlling interest	-	-	-	-	-
	285,314	310,729	66,545	155,964	335,002
Earnings per share in kobo (basic)	**18**	19	4	10	21

E-Dividend – Mandate Form

Centurion Registrars Limited

Dear Shareholder(s)

In view of the robust developments in the financial sector, C & I Leasing Plc is pleased to introduce our e-dividend module to you. This is to facilitate the payment of your dividend through direct credit to your bank account irrespective of the type of account, Current/Savings. It makes dividend payment faster and safer. We advise that you take advantage of this service by supplying the information as required below and return same to us accordingly.

Please ensure you state the actual name used in purchasing the shares and the signature(s) you signed at that time and fill in BOLD prints.

Thank you.

Basil Aharanwa
Registrar

The Registrar
Centurion Registrars Limited
70b Acme Road, behind FUNMEC Filling Station,
Ogba, Ikeja,
Lagos.

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our shareholding particulars of which are stated below from the date hereof:

Shareholder's Name

(Surname) (Other Names)

Shareholders account no(s)

CSCS Investor Account No.

CSCS Clearing House No

Name of Stock Broker

Mobile Phone Number(s)

Fax Number E-Mail Address

Bank Name Branch

Bank Account Number Sort Code

Dated this……………………………………………………..……….Day of……………………..…………………….20……..…

____________________________	____________________________	__________________	______________________
Authorized signatory/Bank Stamp	Authorized Signatory/Bank Stamp	Shareholder's Signature	Joint Shareholder's Signature

Your completed forms should be returned to Centurion Registrars Limited or any of the Diamond Bank Plc branches nearest to you.

Please note that it is very important that you clearly state your bank Name, Bank Account Number, E-mail Address and Mobile Phone Numbers to ensure proper processing of your mandate.

For more information, contact us on 01-2710574, 01-7433581 or E-mail: cusomercare@centurionregistrars.com

PROXY FORM

I/We * --

(Name of Shareholders in block letter)

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

----
or failing him AVM A. D. Bello (Rtd.), GCON, CFR or failing him, Mr. C. 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 14th of August, 2013 at 10:00 a.m. and at any adjournment thereof:

Dated this ------------- day of ---------------- 2014.

Signature(s) of Shareholder(s)*** --------------------------

RESOLUTION	FOR	AGAINST
To receive and consider the Financial Statements for the year ended 31st December, 2013 together with the reports of the Directors, Auditors and Audit Committee thereon.		
To declare a dividend.		
To elect/re-elect AVM (Rtd.) A.D Bello		
To elect/re-elect Princess (Mrs.) N.U.I Uche		
To approve the remuneration of the Directors.		
To authorize the Directors to fix the remuneration of the Auditors.		
To elect members of the Audit Committee for the ensuing year accordingly.		
To amend the subscription agreement between the Company and Aureos Africa Fund (AAF) to facilitate the conversion of loan stock to be converted at the current market price on the date of conversion		
To consolidate the 1,617,010,000 shares of 50k each in the capital of the company into 202,126,250 ordinary shares of 50k each by the cancellation of 1,414,883,750 ordinary shares of 50k each		
To allot restructured shares to shareholders whose names appear in the register of members as fully paid in ratio of 1 (One) New ordinary share for 8 (Eight) Old ordinary shares held		
To transfer the sum of N707,441,875 representing the surplus nominal value arising from the share reconstruction exercise to the Capital reserve Account and form part of the shareholders' funds of the company		
To re-value the restructured 202,126,250 ordinary shares of 50k each to ensure that there is no loss of value to shareholders as a result of share reconstruction, subject to appropriate regulatory consents, and be listed on the Floor of the Nigerian Stock Exchange		
To authorize the company to raise additional equity capital through a Public Offer/Rights Issue upon such terms and conditions as the Directors may deem fit in the interest of the company for strengthening its capital base		
To authorize the company to dispose of the company's 76% equity investment in its subsidiary; Citrans Global Limited, by selling it to the management of the entity at par value of the investment		
To pass a resolution that the Directors be and are hereby authorized to take all such incidental, consequential and supplemental actions and to execute all requisite documents as may be necessary to give effect to the above resolutions.		

Please indicate with an X in the appropriate square how you wish your votes to be cast on resolution set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his direction

PROXY FORM

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

IF YOU ARE UNABLE TO ATTEND THIS MEETING

A member (Shareholder 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 names 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 name 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.

Please sign this proxy form and send it so as to reach the address shown overleaf not later than 48 hours before the time for holding the meeting.
If executed by a corporation, the proxy form should be sealed with the corporation's common seal.

IMPORTANT
The name of the Shareholder must be written in BLOCK LETTERS on the proxy form where marked. This admission form 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: ---

FOR COMPANY USE ONLY **NO OF SHARES**

NOTES

Abuja:
C&I Leasing Plc
Suite SF7, 2nd floor,
right wing, Metro Plaza, CBD, Abuja

MM International Airport
'E' Finger, Arrival Hall, Ikeja, lagos
(24 hrs service)

Akanu Ibiam
International Airport,
Emene,Enugu 08172007236

Lagos:
LEASING HOUSE,
2, Leasing Drive, Off Bisola Durosinmi
Etti-Drive, Off Admiralty Way, Lekki Phase 1. Lagos

Port Harcourt:
LEASING HOUSE,
offf Redemption way, of Elekahia-Oginigba
Trans Amadi Industrial Layout

Call: 08172007230, 08172007160, 07000043789

e-mail: info@c-ileasing.com. www.c-ileasing.com. www.facebook.com/hertz.NGR www.c-ileasing.com