

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS, BEFORE SUBSCRIBING. FOR GUIDANCE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, BANKER OR INDIVIDUAL INVESTMENT ADVISER, REGISTERED BY THE SECURITIES & EXCHANGE COMMISSION ("SEC" OR "THE COMMISSION"). INVESTING IN THIS OFFER INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 37 OF THIS PROSPECTUS.



C & I LEASING PLC RC161070 ₦20,000,000,000 DEBT ISSUANCE PROGRAMME

THIS SHELF PROSPECTUS HAS BEEN ISSUED IN COMPLIANCE WITH THE RULES AND REGULATIONS OF THE COMMISSION AND CONTAINS PARTICULARS IN COMPLIANCE WITH THE REQUIREMENTS OF THE COMMISSION FOR THE PURPOSE OF GIVING INFORMATION WITH REGARDS TO THE PROGRAMME.

THIS SHELF PROSPECTUS IS TO BE READ AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT THERETO AND ALL DOCUMENTS WHICH ARE INCORPORATED HEREIN, BY REFERENCE AND, IN RELATION TO ANY TRANCHES OR SERIES (AS DEFINED HEREIN) OF INSTRUMENTS, TOGETHER WITH THE APPLICABLE PRICING SUPPLEMENT. THIS SHELF PROSPECTUS SHALL BE READ AND CONSTRUED ON THE BASIS THAT SUCH DOCUMENTS ARE INCORPORATED HEREIN AND FORM PART OF THIS SHELF PROSPECTUS.

THIS SHELF PROSPECTUS AND THE SECURITIES THAT IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES & EXCHANGE COMMISSION. IT IS A CIVIL WRONG AND CRIMINAL OFFENCE UNDER THE INVESTMENTS & SECURITIES ACT (NO. 29 OF 2007) TO ISSUE A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE CLEARANCE AND REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES FROM ANY LIABILITY ARISING UNDER THE ACT FOR FALSE AND MISLEADING STATEMENTS CONTAINED HEREIN OR FOR ANY OMISSION OF A MATERIAL FACT.

THE REGISTRATION OF THE SHELF PROSPECTUS AND ANY PRICING SUPPLEMENT THEREAFTER DOES NOT IN ANY WAY WHATSOEVER SUGGEST THAT THE SECURITIES & EXCHANGE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED THEREIN.

THIS PROSPECTUS HAS BEEN PREPARED BY THE JOINT ISSUING HOUSES AND APPROVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF C & I LEASING PLC AND THEY JOINTLY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE INQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING

INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS SHELF PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE INVESTMENTS & SECURITIES ACT 2007

THIS SHELF PROSPECTUS WILL BE VALID UNTIL 2021

LEAD ISSUING HOUSE/BOOK RUNNER



JOINT ISSUING HOUSES/BOOK RUNNERS



THIS SHELF PROSPECTUS IS DATED THE 11th DAY OF JUNE 2018

This Shelf Prospectus will be available on the following websites throughout the Validity Period

www.sec.gov.ng www.c-ileasing.com www.planetcapitaltd.com www.cordros.com
www.bostonadvisory.ng www.armsecurities.com.ng www.fcmbcapitalmarketsng.com

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“CAC”	Corporate Affairs Commission
“C & I Leasing”, or the “Issuer”	C & I Leasing Plc
“CAMA”	Companies and Allied Matters Act Cap C20, LFN, 2004.
“CAGR”	Compound Annual Growth Rate
“CIT”	Companies Income Tax
“CITA”	Companies Income Tax Act Cap C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007)
“CBN”	Central Bank of Nigeria
“Conditions” or “Terms and Conditions”	Terms and conditions in accordance with which the Bonds will be issued, set out in the section headed “Terms and Conditions of the Bonds” and in the Programme Trust Deed
“Cordros Securities” “Cordros” “Joint Issuing House/Bookrunner”	Cordros Securities Limited
“Coupon”	The interest rate payable to Bondholders as specified in the applicable Pricing Supplement
“Coupon Determination Date”	The date falling no later than two Business Days prior to the Coupon Payment Date on which the Trustee determines the interest rate applicable on a Bond (other than a Fixed Rate Bond) for that Interest Period
“Coupon Payment Date”	The date on which coupon is to be paid to Bondholders as specified in the applicable Pricing Supplement
“Coupon Period”	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date
“CSCS” or the “Clearing System”	Central Securities Clearing Systems Plc
“Daily Official List”	The publication of The Nigerian Stock Exchange, published daily, detailing price movements and information on all securities quoted on the Exchange
“Daily Quotations List”	The publication of the FMDQ OTC, published daily, providing information on all securities quoted on its Exchange
“Debt Securities”	Any securities, which include registered bonds, promissory notes, certificates, debentures and other securities authorized to be issued under the Programme by C & I Leasing Plc
“DMB”	Deposit Money Banks
“Early Redemption Amount”	The amount at which the Bonds will be redeemed by the Issuer pursuant to the provisions of the Programme Trust Deed, or as set out in the applicable Supplementary Shelf Prospectus/Pricing Supplement
“EPS”	Earnings Per Share
“Event of Default”	All such events as are defined under the Programme Trust Deed
“Exchange”	A securities exchange licensed by the SEC
“Face Value”	The nominal value of the Bonds
“Federal Government” or “FGN”	Federal Government of Nigeria
“FCMB Securities” “FCMB” “Joint Issuing House/Bookrunner”	FCMB Capital Limited
“FIRS”	Federal Inland Revenue Service
“Fixed Rate”	The rate of interest payable in respect of Fixed Rate Bonds

“Fixed Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis
“Floating Rate”	The rate of interest payable in respect of Floating Rate Bonds
“Floating Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a floating rate basis.
“FMDQ” or “FMDQ OTC”	Financial Markets Dealers Quotation OTC Plc
“Security”	A security to the Issue is the security which back up the Issue provided by the Issuer
“GCR”	Global Credit Rating Agency
“GDP”	Gross Domestic Product
“High Net Worth Individual or HNI”	As defined in the SEC rule, an individual investor with a minimum net worth of ₦300,000,000 (Three hundred million Naira) (excluding real assets such as automobiles, homes and furniture)
“Instruments”	Any registered Bond or other security or debt instrument issued by C & I Leasing Plc under the Bond Issuance Programme
“IFRS”	International Financial Reporting Standards
“Index Linked Coupon Bond”	A Bond on which the payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be prescribed in the applicable Pricing Supplements
“ISA”	Investments and Securities Act (No 29 of 2007)
“Issue Date”	The date on which a Bond is issued and when accrual of the interest on the Bond commences
“Issue Price”	The price at which a Bond is issued as specified in the applicable Pricing Supplement
“Issuer” or the “Company”	C & I Leasing Plc
“Joint Issuing Houses”	ARM Securities Limited, Boston Advisory Limited, Cordros Capital Limited, and FCMB Capital
“Lead Issuing House”	Planet Capital Limited
“LFN”	Laws of the Federation of Nigeria 2004
“Listing Rules”	The Listing Rules of FMDQ
“Naira”, “NGN” or “N”	The Nigerian Naira
“NBS”	National Bureau of Statistics
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“OTC”	Over-the-counter
“Pension Reform Act 2014”	Pension Reform Act, Cap P4, LFN 2014
“PFA”	Pension Fund Administrator and its plural form shall be construed accordingly
“PIB”	Petroleum Industry Bill
“PIT”	Personal Income Tax
“PITA”	Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011)
“Planet Capital”, “PCL” or “Lead Issuing House/Bookrunner”	Planet Capital Limited

“Prospectus”	This Prospectus that C & I Leasing Plc has filed in accordance with the Rules and Regulations of the SEC, which contains details of the Debt Issuance Programme
“Pricing Supplement” or “Supplementary Shelf Prospectus”	The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series of debt securities issued under the Programme and read in conjunction with the Shelf Prospectus
“Principal Amount”	The nominal amount of each Bond, as specified in the applicable Pricing Supplement
“Professional Parties”	Professionals engaged by the Issuer to advise on the establishment of the Debt Issuance Programme and the issuance of Bonds thereunder
“Qualified Institutional Investor”	As defined in SEC rules, Institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms
“Qualified Investors”	Qualified Institutional Investors and High Net Worth Investors
“Record Date”	The date on which the list of holders of the Bonds is extracted from the register for the purposes of making coupon payments
“Redemption Amount”	The aggregate Principal Amount outstanding in respect of a series of Bonds on the Maturity Date as specified in the applicable Pricing Supplement
“Register”	The record maintained by the Registrar detailing the particulars of Bondholders and respective Bonds held by each
“Registrar”	Centurion Registrars Limited or any other person so appointed by the Issuer
“Reverse Floating Rate”	Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate
“SEC” or “The Commission”	Securities & Exchange Commission
“Security Trustee”	UTL Trust Management Services Limited which holds the Security in trust for the benefit of the Bondholders
“Senior Bonds”	Bonds that rank pari passu without any preference of one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior obligations of the Company, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment
“Series”	Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: <ul style="list-style-type: none"> - expressed to be consolidated and form a single series and - are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices
“Series Trust Deed”	A Deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustees with regards to a specific Series and empowering the Trustees to hold, administer and manage the applicable assets
“Settlement Date”	The date by which the buyer (successful bidder/investor) must pay for the Bonds delivered by the Company
“SSA”	Sub-Saharan Africa
“Shelf Prospectus” or “Prospectus”	This Prospectus that C & I Leasing Plc has filed in accordance with the Rules and Regulations of the SEC, which contains details of the Debt Issuance Programme
“Signing Ceremony Date”	The date on which the Offer documents approved by SEC are executed by the parties to the Issue

“Special Resolution”	A resolution passed by Bondholders, present, in person or by proxy, at a meeting of the Bondholders, and holding in the aggregate not less than three-fourths (75%) of the Bonds
“The Constitution”	The Constitution of the Federal Republic of Nigeria 1999 (as amended)
“The NSE” or “The Exchange”	The Nigerian Stock Exchange
“Tranche”	Bonds which are identical in all respects
“Transaction Documents”	The Shelf Prospectus, Pricing Supplement, the Trust Deeds and all related documents
“Trust Deed”	The Programme Trust Deed by which the Bond Issuance Programme is constituted
“Trust Deeds”	The Programme Trust Deed and the Series Trust Deed(s)
“Trustees”	A group of persons or firm(s) granted fiduciary power by the Issuer to enforce the terms of the bond programme
“Validity Period”	A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus
“VAT”	Value Added Tax
“WHT”	Withholding Tax as provided for in section 78(2) of CITA
“Zero Coupon Bond”	A Bond issued at a discount to its face value

2. DECLARATION BY THE ISSUER



Corporate Head Office

2 Leasing Drive, Off Bisola Doyosinmi Etti
Off Admiralty Way, Lekki Phase 1, Lagos

Office +234 903 886 9179-88

Email info@c-ileasing.com

Web www.c-ileasing.com

January 15, 2018.

DECLARATION BY THE ISSUER

This Prospectus has been prepared by the Issuing Houses on our behalf, C & I Leasing Plc and its Subsidiaries (Leasafic Ghana and Epic International FZE) with a view to providing a description of the relevant aspects of C & I Leasing Plc and its Subsidiaries in connection with the Issue and investment in the securities therein.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Prospectus is to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect the information therein.
2. We confirm that there has been no significant change in the financial condition or material adverse change in the prospects of the Issuer since the date of this Prospectus.
3. We confirm that C & I Leasing Plc and its Subsidiaries are not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Prospectus.

Signed for and on behalf of:
C & I Leasing Plc

By its duly authorized representatives:

ANDREW OTIIKE-ODIBI
MANAGING DIRECTOR

ALEX MBAKOGU
CHIEF FINANCE OFFICER

G. MBANUGO UDENZE
COMPANY SECRETARY

Directors: Chief H.C. Okolo (Chairman); Chukwuemeka E. Ndu (Vice Chairman); Andrew Otiike-Odibi (Managing Director);
O.L. Alao-Olaifa (rep. Leadway Assurance Co. Ltd.); K. Duru (rep. Credit Alliance Financial Services Ltd.); O.L. Ademoso (rep. Custodian & Allied Plc.);
Jacob K. Kholl (Ghanaian) (rep. Aureus Africa Fund L.L.C.); Princess (Mrs) N.U. Uche (rep. Duf Consortium Finance Ltd.); P. S. Ugboma

3. INFORMATION RELATED TO THE SHELF PROSPECTUS

1. Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but the fairness, accuracy, completeness or correctness of the information or opinions contained herein has not been verified. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstance, create any impression that there has been no change in the affairs of the Issuer since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Issuer from its records, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

A wide variety of other information concerning the Issuer, including financial information, is available in authorized publicly available publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus should be disregarded. No such information is a part of, or incorporated into this Shelf Prospectus.

2. Financial Information

The Issuer maintains its books of account and prepares its statutory financial statements in Naira in accordance with IFRS as promulgated by the IASB.

3. Rounding

Certain figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

4. Forward Looking Statements

Certain statements included herein and in any Pricing Supplement may constitute forward looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward looking statements can be identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Issuer’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer’s operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates.

Prospective investors should be aware that forward looking statements are not guarantees of future development of the industry in which the Issuer operates, as this may differ materially from those made in or suggested by the forward looking statements contained in this Shelf Prospectus. In addition, even if the Issuer’s results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward looking statements contained in this Shelf Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Issuer’s expectations are contained in the cautionary statements in this Shelf Prospectus and include, among other things, the following:

- overall political, economic and business conditions in Nigeria;
- economic and political conditions in international markets, including governmental changes;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- interest rate fluctuations and other capital market conditions;
- changes in government regulations, especially those pertaining to the Issuer’s industry; competitive factors in the industries in which the Issuer and its customers operate;
- the demand for the Issuer’s products and services;

- continued hostilities and disruptions in the north eastern part of Nigeria;
- exchange rate fluctuations; and
- the timing, impact and other uncertainties of future actions

The sections of this Shelf Prospectus titled “Risk Factors”, “Description of C & I Leasing Plc” and “Statutory and General Information” contain a more detailed discussion of the factors that could affect the Issuer’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward looking events described in this Shelf Prospectus may not occur.

The Issuer does not undertake any obligation to update or revise any forward looking statement, whether as a result of new Information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

5. Third Party Information

The Issuer obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian Leasing sector, the Nigerian economy and the Nigerian political landscape in general from certain government and other third party sources as identified where it appears herein.

This third party information is presented in the following sections of the Shelf Prospectus: Exchange Rates and Exchange Controls, Risk Factors, Business Description, Management’s Discussion and Analysis of Result of Operations and Financial Condition, Directors and Senior Management, Nigeria and The Nigerian Leasing Sector. The Issuer has accurately reproduced such information and, so far as they are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

There is not necessarily any uniformity of views among such sources as to such information provided. The Issuer has not independently verified the information included in this section. Some of the information in this Shelf Prospectus have been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third party sources as indicated in the text. The Issuer has accurately reproduced such information and, so far as the Issuer is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer has relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Issuer nor the Issuing Houses have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of government agencies and ministries, and other governmental and intergovernmental organisations, including: Nigeria Bureau of Statistics, Central Bank of Nigeria

4. ISSUE OF PRICING SUPPLEMENT

Following the publication of this Shelf Prospectus, a Pricing Supplement shall be prepared by the Issuer and issuing Houses for each series of Bonds issued under the Programme.

Statements contained in any such Pricing Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, C & I Leasing Plc will prepare an addendum to this Shelf Prospectus or publish an amended Shelf Prospectus for use in connection with any subsequent issue of Bonds.

5. DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the Commission and shall be deemed incorporated in, and form part of this Prospectus:

- i. The audited financial statements of C & I Leasing Plc for the years ended 31st December 2013 to 2017

This Prospectus, is accessible, and copies are available free of charge at the offices of the Issuing Houses from 8:00a.m till 5:30p.m on Business Days during the Offer Period.

Telephone enquiries should be directed to the Issuing Houses on:

LEAD ISSUING HOUSE/UNDERWRITER	CONTACT PERSON(S)	TELEPHONE NUMBER(S)
Planet Capital Limited	Sam Chidoka	080 2312 4910
	Olasumbo Oluwole	070 8269 4708
JOINT ISSUING HOUSES/ UNDERWRITERS	CONTACT PERSON(S)	TELEPHONE NUMBER(S)
ARM Securities Limited	Kemi Oluwashina	080 2999 0544
	Layi Olaleru	070 3895 4231
Boston Advisory Limited	Kayode Falasinnu	080 8660 8609
	Emeka Mmakwe	0818 499 8506
Cordros Capital Limited	Osazemwinde Osunde	081 8214 8189
	Femi Ademola	080 3714 3904
FCMB Capital	Kazeem Raji	080 5256 0717
	Abimbola Kasim	080 5747 1393

6. PARTIES TO THE PROGRAMME

DIRECTORS OF THE ISSUER

<p>Chukwuma Henry Okolo (Chairman)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>	<p>Larry Olugbenga-Ademeso (Director)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>
<p>Chukwuemeka Ndu (Vice Chairman)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>	<p>Ikechukwu Duru (Director)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>
<p>Andrew Otiike-Odibi (MD/CEO)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>	<p>Jacob Kholi (Director)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>
<p>Patrick Sule Ugboma (Director)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>	<p>Omotunde Alao Olaifa (Director)</p> <p>2 Leasing Drive, Off Bisola Durosimi Etti Off Admiralty Way, Lekki Phase 1 Lagos</p>

COMPANY SECRETARY

Mbanugo Udenze & Co
2nd Floor 13 Okesuna Street
Lagos

PROFESSIONAL PARTIES

LEAD ISSUING HOUSE

Planet Capital Limited

3rd & 4th Floors, St. Peters House
3, Ajele Street off Broad Street
Lagos Island
Lagos

FFE AHHABE

JOINT ISSUING HOUSES

Boston Advisory Limited

28B Awori Street,
Dolphin Estate, Lagos Island
Lagos

Cordros Capital Limited

70, Norman Williams Street,
Ikoyi,
Lagos

Hadahunsi Kayode

*MYG
WALI
ACBMANUS*

ARM Securities Limited

1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi,
Lagos

FCMB Capital Markets Limited

44, Marina,
Lagos Island,
Lagos

WALI OUBAYE

Asim

*Abubale
Kasi*

JOINT TRUSTEES

UTL Trust Management Services Limited

2nd Floor ED Building
Marina Road,
Lagos Island,
Lagos

STL Trustees Limited

Skye Bank Building
(3rd Floor) 30 Marina
Lagos

Funmi Ekundayo

GTL Trustees Limited

5th Floor St Nicholas House
No 2-10 Hospital Road,
Lagos Island,
Lagos

Handwritten signature: OMOBOLA MAKINDE

Handwritten signature: OLUFUNKE AIYEPOLA

SOLICITOR TO THE ISSUE

G.Elias & Co Solicitors

6 Broad Street,
Lagos Island
Lagos

Handwritten signature: Nosakhare Aguebor
AUDITOR

SOLICITOR TO THE ISSUER

Hermon Legal Practitioners

The Penthouse,
Theodolite House
306 Ikorodu Road, Anthony,
Lagos

Handwritten signature: BENJAMIN OBIDENIN

SOLICITOR TO THE TRUSTEES

Marriot Solicitors

3rd Floor, 91A, Lewis Street
Lafiaji,
Lagos

Handwritten signature: ABOTHANJ 482021

PKF Professional Services

205A Ikorodu Road,
Obanikoro,
Marina,
Lagos

Handwritten signature: Abdussalaam A. Najeeb

SIAO Partners

18B Olu Holloway Road,
Ikoyi,
Lagos

Handwritten signature: Abiodun Arigbin

RECEIVING BANKS

First Bank of Nigeria Limited

35 Marina Road,
Lagos Island,
Lagos

Handwritten signature: Ini Ebong

First City Monument Bank Limited

Primrose Tower
17A Tinubu Street
Lagos

Handwritten signature: Theresa Amuesonye

RATING AGENCIES

Global Credit Rating Company

11th Floor, New Africa House,
31, Marina,
Lagos

Handwritten signature: Femi Akere

Agusto & Co

5th Floor, UBA House
57 Marina,
Lagos Island,
Lagos

Handwritten signature: Olukeye
ADERIYI
OLUKOYA

REGISTRARS

Centurion Registrars Limited

33c, Cameron Road,
Ikoyi,
Lagos

Handwritten signature: Kemi Oluoboba

7. THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein has been delivered to the SEC for clearance and registration.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA No 29 2007, the Rules and Regulations of The Commission and the listing requirements of the relevant Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the Programme. In the event that any issue under the Programme is to be listed, an application will be made to either the Governing Council of The NSE for the admission of such Bonds to its Daily Official List or to the FMDQ-OTC Plc for the listing of the Bonds (as determined by the Issuer) or to any SEC registered securities exchange.

The Directors of C & I Leasing Plc have taken all reasonable care to ensure that the information concerning the Company contained in this Prospectus is true and accurate in all material respects on the date of this Prospectus and that as of the date hereof there are no other material facts in relation to the Company the omission of which would make misleading any statement herein.

LEAD ISSUING HOUSE/BOOKRUNNER:



RC986761

JOINT ISSUING HOUSES/BOOKRUNNERS:



RC125242



RC928966



RC600461



RC1079631

On behalf of

C & I LEASING PLC^{RC161070}



is authorised to issue this Shelf Prospectus in respect of the ₦20,000,000,000 Bond Issuance Programme

This Shelf Prospectus contains:

1. on page 8, the declaration to the effect that the Issuer did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the twelve calendar months immediately preceding the date of filing an application with the SEC for the registration of this Prospectus;
2. on pages 4report 7 to 52, the Reporting Accountants' Report dated 2nd May 2018, prepared by SIAO Partners on the financial projections of the Issuer for the five years ending 31st December 2022;
3. on pages 53 to 119, the Reporting Accountants' Report on the audited financial information of the Issuer, dated 2nd May 2018, prepared by SLAO Professional Services for the 5 years ended 31st December 2017;
4. on pages 120 and 121, an extract of the Rating Report on the Issuer by Augusto & Co and GCR for incorporation in this Prospectus; and

Validity Period of the Shelf Prospectus and Delivery of Documents:

This Shelf Prospectus is valid until 2021. No Bonds shall be issued on the basis of this Shelf Prospectus read together with the applicable Pricing Supplement later than three years after the Issue Date indicated on the cover of this Shelf Prospectus. This Shelf Prospectus can be obtained at the office of the Issuer and the Issuing Houses throughout its validity period.

8. SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and qualified in its entirety by the remainder of this Shelf Prospectus and, in relation to the terms and conditions of any particular Tranche and, the applicable Pricing Supplement. Words and expressions defined in "Form of the Bonds" and "Terms and Conditions of the Bonds" shall have the same meaning in this summary:

ISSUER:	C & I Leasing Plc
PROGRAMME DESCRIPTION:	<p>A Debt Issuance Programme being undertaken by C & I Leasing Plc through which a Bond or a series of Bonds will be issued.</p> <p>The Programme covers convertible and non-convertible Bonds, Senior or Subordinated and/or Unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds and any combinations thereof, with a minimum tenor of 12 months, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the applicable Pricing Supplement.</p> <p>No Bonds shall be offered on the basis of this Shelf Prospectus or a Pricing Supplement after the expiration of the three (3) year validity period of the Shelf Prospectus. The Bonds shall be constituted by the Programme Trust Deed and the relevant Series Trust Deed(s).</p> <p>The provisions of the Programme Trust Deed shall apply separately and independently to the Bonds, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed(s).</p>
PROGRAMME AMOUNT:	₦20,000,000,000 (Twenty Billion Naira only)
SECURITY:	The security for the Bonds issued under the Programme will be specified in the Applicable Pricing Supplement
STATUS OF THE BONDS:	<p>The Programme allows for the issuance of various types of Instruments that can be classified as Senior or subordinated.</p> <p>Senior ranking Bonds shall constitute direct, unsubordinated (subject to the provisions of the Programme Trust Deed) obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer in respect of principal and any interest thereon shall at all times rank at least equally with all other secured or unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights.</p> <p>Subordinated Bonds are direct and subordinated obligations of the Issuer and rank pari passu and without any preference among themselves and at least pari passu with the claims of all holders of Subordinated Indebtedness as provided for in the Programme Trust Deed. In the event of the winding-up of the Issuer, the claims of the Trustee and the Holders of Subordinated Bonds against the Issuer to payment of principal and interest in respect of the Subordinated Bonds will be subordinated to the Senior Indebtedness in the manner provided in the Programme Trust Deed.</p>
FORM OF BONDS:	The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the Particulars of the Bond being entered in the Register by the Registrar and the Bonds being electronically registered in the CSCS account of the Bondholder.
LEAD ISSUING HOUSE/BOOK RUNNER:	Planet Capital Limited, or any other Issuing House as may be specified in the Applicable Pricing Supplement.
JOINT ISSUING HOUSES/BOOK RUNNERS:	ARM Securities Limited, Boston Advisory Limited, Cordros Securities Limited, FCMB Capital Limited or any other Issuing House as may be specified in the Applicable Pricing Supplement.

TRUSTEE(S):	UTL Trust Management Services Limited, GTL Trustees Limited and STL Trustees Limited or any other Trustee appointed by the Issuer
LISTING:	Bonds may be unlisted or listed on recognized Stock Exchanges such as the FMDQ-OTC, The Exchange and/or other SEC approved relevant Stock Exchanges.
USE OF PROCEEDS:	The Issuer seeks to raise medium to long term debt under the Programme. The exact application of the proceeds of each Series and or Tranche in relation to the above will be specified in the Applicable Pricing Supplement.
MATURITY DATE:	As specified in the Applicable Pricing Supplement.
PAYMENT DATE:	As specified in the Applicable Pricing Supplement.
METHODS OF ISSUE:	Bonds under this Programme may be issued via a Book Build, public offering, private placement and/or any other such methods as described in the Applicable Pricing Supplement and as approved by the SEC.
ISSUANCE IN SERIES:	The Bonds will be issued in series and each Series may comprise one or more tranches issued on different dates. The Bonds in each Series will have the same maturity date and identical terms (except that the Issue Dates, Issue Price, Interest Commencement Dates and related matters may be different). Details applicable to each Series will be specified in the Applicable Pricing Supplement.
ISSUE PRICE:	The Bonds may be issued at their principal amount or at a premium or discount to their principal amount, as specified in the Applicable Pricing Supplement.
COUPON:	Refers to the specified rate of interest on a Bond as specified in the Applicable Pricing Supplement.
DENOMINATIONS:	The Bonds will be issued in such denominations as specified in the Applicable Pricing Supplement.
INTEREST RATES:	Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series.
CURRENCY OF DEBT SECURITIES:	The Bonds shall be denominated in Naira (₦) or any other currency as may be agreed between the Issuer, Sponsor and the Issuing House(s) and specified in the Applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements.
FIXED RATE BONDS:	Fixed Rate Bonds will bear Coupons which will be payable in arrears on each Coupon Payment Date as may be specified in the relevant Pricing Supplement(s).
FLOATING RATE BONDS:	Floating Rate Bonds will bear interest at a rate on such basis as may be agreed between the Issuer and Issuing House(s) as is specified in the Applicable Pricing Supplement, and will be calculated on such basis as may be specified in the Applicable Pricing Supplement.
INDEX-LINKED BONDS:	The Issuer may offer Bonds which provide for payments of principal or premium or interest which are linked to a currency, securities exchange or commodities exchange index or other indices as stated in the Applicable Pricing Supplement. Specific provisions regarding the manner in which such payments are to be calculated and made will be set forth in the Applicable Pricing Supplement.
ZERO COUPON BONDS:	Zero Coupon Bonds may be issued at a discount to par and will not bear interest.

OTHER BONDS:	Terms applicable to High Interest Bonds, Low Interest Bonds, Step-Up Bonds, Step-Down Bonds, Dual Currency Bonds, Covered Bonds and any other type of Bonds which the Issuer and the Issuing Houses may agree to issue under the Programme, subject to compliance with all applicable relevant laws, regulations and directives, as set out in the relevant Pricing Supplement.
ISSUER'S RATINGS:	BBB
BOND RATINGS:	Rating for each Series under the Programme will be stated in the relevant Pricing Supplement.
EVENTS OF DEFAULT:	The events of default under the Bonds are as specified within the Programme Trust Deed and Series Trust Deed(s).
EARLY REDEMPTION:	Early redemption will be permitted only to the extent specified in the relevant Pricing Supplement and then only subject to any applicable legal or regulatory limitations.
REDEMPTION:	Bonds may be redeemable at par or at such other redemption amount as may be specified in the relevant Pricing Supplement.
TENOR:	The tenor of a particular series of Bonds shall be determined by the Issuer and the Issuing Houses and specified accordingly in the Applicable Pricing Supplement for the Bonds being issued.
TAXATION:	The Bonds are exempt from taxation in Nigeria in accordance with the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. As such, all payments made to Bondholders shall be free and clear of Withholding, State and Federal Income and Capital Gains Taxes with no deductions whatsoever being made at source. For avoidance of doubt, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012.
PRICING SUPPLEMENT	The Final terms of each Series will be set forth in an Applicable Pricing Supplement
OTHER CONDITIONS	Terms applicable to each Series as specified in the Applicable Pricing Supplement other than those specifically contemplated under this Shelf Prospectus which the Issuer and the Issuing Houses may agree to issue under the Programme subject to compliance with all relevant applicable laws and regulations.
GOVERNING LAW	The Bond Issue, the Trust Deed and all related documents (the Transaction Documents") will be governed by the laws of the Federal Republic of Nigeria.

9. TERMS AND CONDITIONS OF THE PROGRAMME

9.1 Issue of Bonds

- 9.1.1 The Bonds shall be issued by way of an offer for subscription or private placement either through an auction, a pre-pricing process, underwriting process, book building process and / or any other such methods as shall be set out in more detail in the relevant Supplementary Shelf Prospectus or Pricing Supplement.
- 9.1.2 The Issuer shall issue and offer the Bonds in an amount up to and not exceeding the Aggregate Principal Amount in accordance with the terms of this Deed.

9.2 Status and Ranking of the Bond

- 9.2.1 Any series of the Bond constitutes direct, senior, secured and unconditional obligations of the Issuer and when issued shall rank *pari passu* without preference, with other outstanding senior secured obligations of the Issuer, present and future.
- 9.2.2 The Terms and Conditions applicable to each Series of Bonds shall be as specified in the relevant Series Trust Deed and the applicable Pricing Supplement.

9.3 Subscription to the Bond

- 9.3.1 Each Issue of Bonds shall form a separate Series. The provisions of this Deed shall apply *mutatis mutandis*, separately and independently to the Bonds of each Series. Each Series shall be constituted by a separate trust created by a Series Trust Deed under which the Trustees shall hold the benefit of the covenant in Clause 7.2 (Covenant to Repay and to Pay Interest on the Bonds) in this Trust Deed in trust for the Bondholders of the particular Series. The provisions contained in any other Series Trust Deed apply only in relation to the Series to which it relates.
- 9.3.2 The name of each Series will commence with the word "Series" and will be followed by a number in consecutive order of issuance of the Series (for example, the first Series will be known as the "Series 1 Bonds").
- 9.3.3 If there is any conflict between the provisions of a Series Trust Deed relating to a Series and the provisions of this Trust Deed, the provisions of the Series Trust Deed shall prevail over the provisions of this Trust Deed in respect of the relevant Series.
- 9.3.4 The Bond will be issued in denominations as specified in the Supplementary Shelf Prospectus, the Series Trust Deed relating to the relevant Series and the applicable Pricing Supplement.
- 9.3.5 The tenor of the Bond for each Series shall be specified in the Supplementary Shelf Prospectus and Series Trust Deed relating to the relevant Series.
- 9.3.6 No additional bonds may be issued unless:
- i. the Rating Agency confirms in writing to the Issuer and the Trustees prior to the relevant Closing date that such issuance would not result in a reduction or withdrawal of the then current rating of any outstanding Bonds, and
 - ii. unless it is duly registered and authorized by SEC.
- 9.3.7 Other than as provided in this Deed, there are no restrictions on the transferability of the Bonds.
- 9.3.8 As soon as possible after the Issue Date but no later than fifteen (15) Business Days thereafter, the Registrar shall deliver to each Bondholder, Certificates in the form described in this Deed or credit such person's CSCS Account accordingly as the case may be.

- 9.3.9 Any Bondholder that makes an election to receive the Bonds in dematerialised (uncertificated or book-entry) form shall receive an E-Allotment Notification Letter in respect of the number of Bonds credited into the CSCS Account of the Bondholder.
- 9.3.10 A Bondholder shall notwithstanding the fact that physical Certificates have been issued to him be entitled to elect to convert the Bonds held by him into a dematerialised form by the deposit of the Certificate with the Registrar upon which the Bonds shall be credited into the CSCS Account of the Bondholder. The provisions of this Trust Deed which are applicable to holders of dematerialised Bonds shall be applicable to such Bondholders.
- 9.3.11 Statements issued by the CSCS as to the aggregate number of Bonds credited to the CSCS Account of a Bondholder shall be conclusive and binding except in the case of manifest error. Such a Bondholder shall be treated as the legal and beneficial owner of the Bonds credited to the CSCS Account.
- 9.3.12 The Issuer shall cause the Register with respect to each Series of Bonds to be maintained at the offices of the Registrar therefor and the Registrar shall provide for the registration of any debt securities or its transfer under such reasonable regulations as the Registrar with the approval of the Issuer and the Trustees may prescribe. The Registrar with respect to each Series of Bonds shall maintain the Register for purposes of exchanging and registering such Bonds in accordance with the provisions hereof.
- 9.3.13 Each Series shall be registered on the Register. Any transfer of Bonds shall be effective only to the extent that such transfer is registered in the Register, by the Bondholder or transferee thereof in person or by his attorney duly authorised in writing, upon presentation and surrender of the Bond Certificate together with a written instrument of transfer in a form satisfactory to the Registrar duly executed by or on behalf of the registered Bondholder and the transferee by a duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of any Bond, the Registrar shall if the above stated conditions are met, register such transfer, and deliver a new Bond Certificate(s) to the transferee as appropriate.

9.3.14 Issuance Procedure

Subject to the approval of SEC:

- 9.3.14.1. At least five (5) Business Days prior to the relevant Closing Date, the Issuer will deliver to the Trustees, notice in accordance with sub clause 5.3.14.2 below and an unexecuted copy of the applicable Pricing Supplement.
- 9.3.14.2 The Issue Notice once delivered is irrevocable and will not be regarded as having been duly completed unless:
- a) it specifies the Issue Price of the Bonds to be issued;
 - b) it specifies the tenor of each Tranche (where applicable) or the Series of Bonds to be issued;
- 9.3.14.3 no Event of Default has occurred and is outstanding; and
- 9.3.14.4 the Repeating Representations remain true and accurate and no event having a Material Adverse Effect has occurred.

9.4 Form of the Bond

- 9.4.1 The Issuer may issue the Bond in a global certificate which shall be delivered to the CSCS, in which case, it shall credit the CSCS Account of an investor who has expressed the preference to hold the Bonds in un-certificated form.
- 9.4.2 Where the Bonds are held in un-certificated form, the Issuer, the Trustees and the Registrar shall call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability) a certificate or letter of confirmation issued by CSCS or any form of record made by any of them or such other form of evidence and/or information and/or certification as it shall, in its absolute discretion, think fit as sufficient evidence thereof to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in the Register as the holder of a particular nominal amount of the Bond and, if they do so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned.
- 9.4.3 The Bond may also be issued in the form or substantially in the same form as the Certificate set out in the First Schedule hereto (endorsed thereon with the Conditions in the form or substantially in the form referred to in the Second Schedule) in the case of an investor who has expressed a preference for an individual certificate.
- 9.4.4 The Certificates shall be issued under the common seal of the Issuer and affixed with the signature of any person duly authorised to sign on behalf of the Issuer and the Registrar and the Certificates so signed shall be binding and valid obligations of the Issuer.

9.5 Certificates for the Bond

- 9.5.1 Subject to clause 5.3.11 above, every Bondholder shall be entitled free of charge to one Certificate in respect of the Bonds held by him but so that joint Bondholders shall be entitled to only one Certificate in respect of the Bond jointly held by them which certificate shall be delivered to that one of the joint Bondholders whose name appears in the Register and the delivery of a Certificate to one of such persons shall be sufficient delivery to all. When a Bondholder has transferred only part of his holding of the Bonds, he shall be entitled to receive free of charge a Certificate for the balance of the Bonds not so transferred.
- 9.5.2 Transferees of a person subscribing to the Bond shall not be entitled to a Certificate though such transferee may be entitled to request the same in writing to the Registrar upon payment of such fee as is prescribed by the Registrar from time to time.
- 9.5.3 In the event that an original Bond Certificate becomes mutilated, stolen, lost or destroyed, such Certificate may be replaced against payment by the Bondholder of such costs as may be incurred in connection therewith and on such terms as to evidence (including in the case of stolen, lost or destroyed Certificates, surrender of a copy certified in a manner satisfactory to the Issuer, Trustees and Registrar and may require in the case of mutilation, surrender of the mutilated Certificate).
- 9.5.4 Except as may be subsequently agreed, the Bondholder (or his legal representative) shall be deemed and regarded as the legal and beneficial owner of the Bonds registered in its name on the Register and, in the case of Bonds held in un-certificated form, credited into his CSCS Account for all purposes including but not limited to the payment of Principal, premium (if any) and Coupon (if any).
- 9.5.5 At least seven (7) days before the Final Maturity Date of any Series of Bonds, each Bondholder shall be bound to deliver to the Registrar the certificate(s) for its Bonds being redeemed and upon such delivery the Registrar shall pay to such Bondholder the amount payable to him in respect of such redemption together with the Coupon accrued thereon.
- 9.5.6 Upon presentation and surrender of any Certificate to the Registrar together with written instructions satisfactory to the Registrar, (duly executed by the registered Bondholders or his attorney duly authorized in writing), the Certificate may be exchanged for an amount equal to the aggregate Principal of fully registered Bonds of that Series; provided that such surrender and exchange shall occur on the Final Maturity Dates of each Series or any other date in respect of a Series as specified in the relevant Series Trust Deed.

9.6 Conditions of the Bond

The Issuer shall comply with the provisions of this Deed and the Conditions set out in the Second Schedule and the Bond shall be held subject to such Conditions and the provisions contained in the Second Schedule, all of which Conditions and provisions shall be deemed to be incorporated in this Deed and shall be binding on the Issuer, the Trustees and the Bondholders and all persons claiming through or under them respectively.

9.7 Register of Bondholders

The Registrar shall at all times keep in its custody at its registered office in Lagos or at such other place in Nigeria as the Trustees may approve, an accurate register showing the name and address and description of the Bondholder, the amount of the Bonds for the time being issued and fully paid, and the date of registration. The Trustees and the Bondholders or any of them and any person authorised in writing by any such persons shall be at liberty at all reasonable times to inspect the said Register and to take copies of and extracts from the same or any part thereof. The Register may be closed at such time and for such periods as the Issuer and the Trustees may from time to time reasonably determine provided that it shall not be closed for more than thirty (30) days in aggregate in a year.

9.8 Taxation

The Bonds issued under this Programme shall be exempt from all forms of taxation in the Federal Republic of Nigeria in line with the tax exemptions granted by the President of the Federal Republic of Nigeria. Accordingly, all payments made to the Bondholders during the tax exemption period shall be free and clear of withholding or any deduction at source or otherwise and/or State and Federal income and capital gains and other taxes. In the event of any deductions after the tax exemption period, the Issuer shall pay such additional sum as is required for the relevant Bondholder to receive in full the amount it would have received had no such withholding or deduction been required. The Issuer agrees to pay all taxes, stamp and other documentary taxes or duties which are payable or may become payable in connection with the execution, delivery, performance and enforcement of this Trust

9.9 Coupon Payment:

9.9.1 Coupon shall be payable in respect of each Series of Bonds as is set out in the Series Trust Deed.

9.9.2 For each Series of Bonds, the Trustees shall apply the monies in the relevant Transaction Account for Coupon Payments to the Bondholders on the Coupon Payment Dates.

9.9.3 Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day. If same falls into the next calendar month, such Coupon payment date shall be brought forward to the immediately preceding Business Day.

9.9.4 Coupon will be calculated on the basis of the actual number of days in a month and the actual number of days (365 or 366) in each year (actual/actual).

9.10 Redemption

9.10.1 The Issuer shall ensure that there shall at all times be an amount in the Transaction Account sufficient to cover the payment of Coupon and part principal from the relevant Coupon Commencement Date, and Principal Amount on the Final Maturity Date.

9.10.2 The amounts standing to the credit of the Transaction Account shall be used to service Coupon Payment obligations of the relevant Series of Bonds from time to time and the repayment of such Series of Bonds upon maturity.

9.11 Medium and Place of Payment

9.11.1 The Principal Amount, and Coupon (when payable) on the Bonds shall be payable in the official currency of the Federal Republic of Nigeria, which at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

9.11.2 Payment of the Principal Amount, premium and Coupon shall be made by the Trustee in the manner specified in the relevant Series Trust Deed.

9.11.3 Any payment made pursuant to Clause 5.11.1 and 5.11.2 above shall be deemed valid and shall satisfy and discharge the Issuer of any obligation to make payment on such Bond to the extent of the amount paid.

9.11.4 The Trustees shall ensure that monies are deposited into the applicable Transaction Account in accordance with the terms of the relevant Series Trust Deed. Any payment by or on behalf of the Issuer into the Transaction Account shall discharge the Issuer's payment obligation in respect of the relevant Series of Bonds to the extent of such payment.

9.12 **Non-Presentation of Bond Certificates**

9.12.1 If any Certificate is not presented for payment when the Principal thereof becomes due (whether at maturity or otherwise), the Issuer's liability to the Bondholder thereof for the payment of such Bonds shall be completely discharged if funds sufficient to pay such Bonds and the Coupon thereon shall be held by the Trustees for the benefit of such Bondholder, and thereupon it shall be the duty of the Trustees to hold such funds, without liability for any further Coupon thereon, for the benefit of such Bondholder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this Deed or, on or with respect to, such Bonds.

9.12.2 Notwithstanding any provision of this Deed to the contrary, moneys held by the Trustees for the payment of Principal or Coupon on the Bonds of any Series left unclaimed for six (6) years after the date on which such payment is due shall revert to the Issuer and the liabilities of the Issuer with respect to such moneys shall cease.

9.13 **Provisions for Meetings of the Bondholders**

9.13.1 The terms of the Provisions for Meetings of the Bondholders as set out in the form or substantially in the form of the Third Schedule hereto shall apply to each Series.

9.14 **EVENT OF DEFAULT**

9.14.1 If any of the following events ("**Events of Default**") occur and is continuing, the Trustees at their discretion shall, or if so requested in writing by holders of at least two-third (2/3rd) of the Principal Amount Outstanding on the Bond or if so directed by a Special Resolution, give written notice to the Issuer at its specified office that the Bond is immediately repayable, whereupon the Principal Amount Outstanding of the Bond together with accrued Coupon shall immediately become due and payable:

9.14.1.1 the Issuer fails to pay any sums representing Principal and interest on the Bond as they fall due unless its failure to pay is caused by administrative or technical error and payment is made within ten (10) Business days of its due date;

9.14.1.2 the Issuer fails to perform or observe any covenant, condition, provision or agreement binding on it under this Deed or required by the Issue Documents to which it is a party or any other document delivered in connection with the Bond to be performed or observed by it (except where that failure is incapable of remedy, it remains unremedied for twenty-one (21) days after the Trustees have given notice of it to the Issuer requiring the same to be remedied), and the Trustees have certified that the failure to perform or observe the covenant or agreement is materially prejudicial to the interests of the Bondholders; or

9.14.1.3 any representation or warranty of the Issuer in any Programme Document to which it is a party or any other document delivered in connection with the transactions contemplated thereunder proves to have been materially incorrect at the time it was made or repeated or deemed to have been made or repeated;

- 9.14.1.4 any creditor of the Issuer becomes entitled to declare any Financial Indebtedness of the Issuer due and payable prior to its specified maturity as a result of an event of default (however described) and has not irrevocably waived the right to accelerate the maturity or any amount owing thereunder;
- 9.14.1.5 any Financial Indebtedness of the Issuer of a value exceeding ₦500,000,000.00 (Five Hundred Million Naira) in aggregate is not paid when due or within any originally applicable grace period or the Financial Indebtedness of the Issuer of a value exceeding ₦500,000,000.00 (Five Hundred Million Naira) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (however described) and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to the interest of the Bondholders;
- 9.14.1.16 If:
- 9.14.1.16.1 the Issuer is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;
 - 9.14.1.16.2 the market value of the assets of the Issuer is less than its liabilities (taking into account contingent and prospective liabilities);
 - 9.14.1.16.3 save for the provisions herein contained, a moratorium is declared in respect of any indebtedness of the Issuer;
 - 9.14.1.16.2 any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - 9.14.1.16.2.1 the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise that results in default of payments into the Transaction account other than a solvent liquidation or reorganisation of the Issuer;
 - 9.14.1.16.2.2 a composition, assignment or arrangement with any creditor of the Issuer;
 - 9.14.1.16.2.3 the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer) receiver, receiver/manager or other similar officer in respect of the Issuer or any of its assets; or
 - 9.14.1.16.2.4 enforcement of any Encumbrance over any assets of the Issuer; or
 - 9.14.1.16.2.5 any analogous procedure or step is taken in any jurisdiction, and such order, proceedings, or appointment is not dismissed or terminated, or application for a stay made on or before the tenth (10th) Business Day after the order or the appointment is made or if any such dismissal or stay ceases to be in effect;

- 9.14.1.16.2.6 any authorisation necessary for the performance of any obligation of the Issuer under this Deed fails, or for a period of fifteen (15) Business Days after so failing, to become or remain valid and subsisting in full force and effect;
- 9.14.1.16.2.7 any authorization, approval or licenses necessary and required by the Issuer to carry on its business is cancelled, revoked or terminated;
- 9.14.1.17 the Issuer ceases to conduct all or a substantial part of its business as is now conducted or substantially changes the nature of such business or merges or consolidates with any other company without the prior written consent of the Trustees on behalf of the Bondholders;
- 9.14.1.18 any Authority takes any action that in the joint opinion of the Trustees or Majority Bondholders (as the case may be), is likely to have a Material Adverse Effect on the condition of the Issuer or the ability of the Issuer to perform its obligations under this Deed if that action is not rescinded on or before the tenth (10th) day after it occurs or if that rescission ceases to be in effect;
- 9.14.1.19 if there occurs any change in the Issuer's assets, business, condition (financial or otherwise), operations or prospects since the Issuer's last audited account and/or any act of an authority which has a Material Adverse Effect in the reasonable opinion of the Trustees or the Majority Bondholders will prevent the Issuer from fulfilling its obligations under this Deed;
- 9.14.1.20 if an order shall be made or a resolution passed for the winding up of any of the subsidiaries (except for a members' voluntary winding up approved in writing by the Trustees) and such event shall be certified in writing by the Trustees to be in its opinion materially prejudicial to the interests of the Bondholders or if an order shall be made or a resolution passed for the winding up of the Issuer;
- 9.14.1.21 if an encumbrancer shall take possession or a receiver is appointed of all or any part of the property of the Issuer;
- 9.14.1.22 if any distress, execution or other process shall be levied or enforced or sued upon or against any material assets of the Issuer or its subsidiary and shall not be discharged or stayed within one hundred and twenty (120) days of service by the relevant officer of the Court of such attachment, execution or other legal process or if an encumbrancer shall take possession or a receiver shall be appointed of any material assets of the Issuer or its subsidiary and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to the interests of the Bondholders;
- 9.14.1.23 if the Issuer shall stop or threaten to stop payment or if the Issuer (except with the prior written consent of the Trustees) shall cease or threaten to cease to carry on its business or substantially the whole of its business and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to the interest of the Bondholders;
- 9.14.1.24 if any affiliate shall for the purposes of CAMA be deemed to be unable to pay its debts and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to Bondholders or if the Issuer shall for the purposes of CAMA be deemed to be unable to pay its debt and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to Bondholders;

- 9.14.1.25 if the security for any other debenture or any mortgage or charge of the Issuer or any subsidiary shall become enforceable and any step shall be taken to enforce such security or if any loan capital or borrowings of the Issuer or of any subsidiary become repayable by reason of default by the Issuer or any subsidiary or shall not be repaid when due and any step shall be taken to enforce repayment of such loan capital or borrowings and such event shall be certified in writing by the Trustees to be in their joint opinion materially prejudicial to the interest of the Bondholders;
- 9.14.1.26 the aggregate amount of unsatisfied judgments, decrees or orders in respect of which an appeal has not been filed and an order for stay has not been granted within thirty (30) days of the judgment, decree or order being made, for the payment of money against the Issuer exceeds ₦500,000,000.00 (Five Hundred Million Naira) or its equivalent in whatever currency;
- 9.14.1.27 the occurrence of a *Force Majeure* Event that affects the ability of the Issuer to perform its obligations under any of the Programme Documents which continues for a continuous period of three (3) months.

9.14.2 Upon the occurrence of an Event of Default:

- 9.14.2.1 the Trustees may give notice in writing to the Issuer, (a “**Bond Acceleration Notice**”), declaring the Bond to be immediately due and payable. When a Bond Acceleration Notice is given, the entire Bond will become immediately due and payable at their Principal Amount Outstanding without further action or formality.

9.15 ACCELERATION OF THE BOND

- 9.15.1 At any time after the occurrence of an Event of Default, the Trustees may, in their discretion and without notice, recover judgment in their name and as Trustees for the Bondholders, for the whole amount of Principal and Interest remaining unpaid, institute proceedings and or take other action against or in relation to the Issuer or any other person as it may think fit to enforce the obligations of the Issuer under this Deed, the Bond or any of the other Issue Documents.
- 9.15.2 The Trustees shall not be bound to take any such proceedings pursuant to clause 13.1 unless they shall have been so directed by an Special Resolution or so requested in writing by the holders of at least three quarter (75%) in Principal Amount Outstanding of the Bonds and they shall have been indemnified and/or secured to their satisfaction against all liabilities, proceedings, claims and demands to which they may thereby become liable and all fees, costs, charges and expenses which may be incurred by it in connection therewith.
- 9.15.3 If an Event of Default occurs which is not remedied (if capable of remedy) within 30(thirty) days of the Issuer receiving notice from the Trustees, the Bondholders shall be entitled through the Trustees to exercise their rights under this Deed, in law and in equity.

9.16 PROCEEDINGS TO ENFORCE PAYMENT

At any time after the Bond shall have become immediately repayable, the Trustees may at their discretion and shall upon the request in writing of 75% of the Bondholders or upon being so directed by a Special Resolution and without further notice institute such proceedings as they may think fit to enforce repayment of the Bond in accordance with the provisions of this Deed.

10 TAX CONSIDERATIONS

Please note that this information about the tax exempt status of bonds and income accruing there from is meant to serve only as a guide and should not be considered as or deemed to be tax advice which can be acted upon by an investor. Investors are advised to seek specific tax advice regarding investment in the Bonds from their professional tax advisers.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. The CIT and VAT became effective in 2012 and are valid for a period of ten (10) years while the PIT is indefinite.

Where the maturity of the Bonds exceeds January 2022, treatment of withholding tax for periods exceeding 2022 will be stated in the Applicable Pricing Supplement.

In addition, Bondholders will benefit from the waiver with respect to Capital Gains Tax in the event that the ten (10) year Capital Gains Tax waiver approved by the Federal Government in March 2010 becomes effective during the life of the Bonds.

11 MACROECONOMIC OVERVIEW - NIGERIA

The information in this section has been extracted from publicly available documents and publications which have previously been released by various public and private organizations including the Central Bank of Nigeria ("CBN"), the Economic Intelligence Unit, the World Bank, the International Monetary Fund, the Nigerian Bureau of Statistics; as well as other financial and economic publications. Neither the Issuer nor its advisers are able to ascertain the omission of any facts, and whether such omission would render any extracted information inaccurate or misleading.

OVERVIEW

GENERAL

The Federal Republic of Nigeria ("Nigeria") occupies 923,768 square kilometres of West Africa, bordering the Republic of Benin to the west, Chad and Cameroon to the east, Niger to the north and the Gulf of Guinea to the south. Nigeria has a population of approximately 170 million. Nigeria consists of 36 states and the Federal Capital Territory ("FCT") of Abuja, which is located in central Nigeria. Lagos is the most populous city in Nigeria with a population of approximately 17 million.

Nigeria achieved independence from the United Kingdom on October 1, 1960 and became a federal republic in 1963. In 1999, following many years of military rule, a new constitution was adopted, and a peaceful transition to civilian government was completed under the leadership of President Olusegun Obasanjo, the first democratically elected civilian President since the end of the last democratic rule from 1979 to 1983. He was elected under the platform of the Peoples Democratic Party ("PDP"). Since 1999, the Federal Government of Nigeria ("FGN") has attempted to reconstruct Nigeria's political institutions, improve its international image, reform the economy, manage its oil wealth in a more sustainable way and diversify the economy beyond the oil industry.

Presidential elections were held in 2007 and resulted in the election of late President Umaru Musa Yar'Adua. Following the death of President Umaru Musa Yar'Adua, Goodluck Ebele Jonathan was sworn in as President, in accordance with the Constitution, on May 6, 2010 and was voted in as the president of the Federal Republic of Nigeria in 2011. However, President Goodluck Jonathan and his party, the People's Democratic Party lost the 2015 elections to the All Progressive Congress of President Muhammadu Buhari. The smooth handover of power from the Ruling Party to the Opposition Party also brought in a great show of maturity in Nigeria's political stability, which the whole world has publicly noted and applauded.

OVERVIEW OF THE NIGERIAN ECONOMY

Nigeria's economy is officially out of recession following a 1.40% growth recorded in the third quarter of the year 2017, a rebound from five consecutive quarters of contraction. Despite the currency depreciation, Nigeria retains its position as Africa's largest economy with GDP at \$376.74 billion as at December 2017. Inflation rate has been on a steady decline, since February 2017, the Consumer Price Index ("CPI") for February 2018 was 14.33%, 0.8% lower than the 15.13% recorded in January 2018. The Central Bank of Nigeria continues to pursue a tight monetary policy stance to rein in inflationary pressure and stabilize the foreign exchange market. In line with this objective, the monetary policy rate is been sustained at 14 percent over a year ago and has remained unchanged till date.

GROSS DOMESTIC PRODUCT (GDP)

The Nigerian economy sustained an average growth rate of 4.81 percent between 2011 and 2015 (5 years), peaking at 6.23% in 2014 but declined to 2.79% in 2015 as a result of the drop in global oil prices which began in June 2014.

In the first quarter of 2016, Nigeria's GDP contracted by 0.36% (year on year), a decline of 2.47% from 2.11% in the previous quarter. The manufacturing sector witnessed the largest drop in growth by 8.1% in the first quarter of 2016, a decline of 8.01% from 0.38% growth recorded in the previous quarter. GDP contraction worsened in the second and third quarters by 2.06% and 2.24% respectively; overall, 2016 closed with average GDP growth rate at -1.5%, a feed through from FX challenges and sustained lower oil prices.

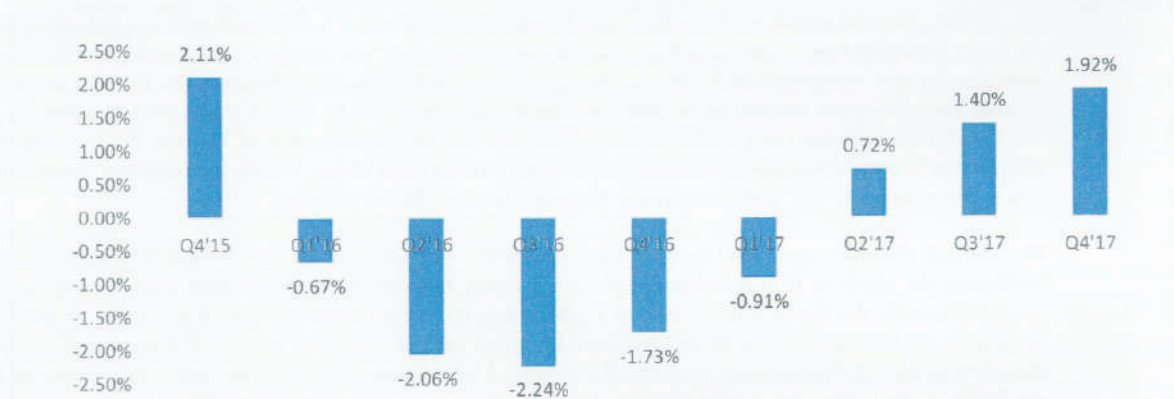
In the third quarter of 2017, the nation's Gross Domestic Product grew by 1.4 percent (year-on-year) in real terms, indicating the emergence of the economy from recession after five consecutive quarters of contraction since Q1'16. This was followed by a third consecutive quarter of growth 1.92% in the fourth quarter of 2017 (Q4'17). This growth is 3.65 percent higher than the rate recorded in the corresponding quarter of 2016 (-1.73%) and higher by 0.52 percent from rate recorded in the preceding quarter (1.40%).

Real Growth in the oil sector was 8.38% (YoY) in Q4'17, representing a 26.08% improvement from the corresponding quarter of 2016 and a 17.50% decline from the preceeding quarter of 2017 which stood at 25.89%. Output averaged 1.91 mbpd in the review quarter, higher by 0.12 mbpd compared to the third quarter of 2017. Real growth for the Oil sector was revised for Q1'16-Q4'16 which impacted on the GDP figures for those periods. The sector contributed 7.17% to GDP in Q4'17, down from 10.04% contribution in Q3'17 but higher than 6.75% contribution in Q4'16. The sector's annual contribution was 8.68% in 2017 and 8.35% in 2016.

The Non-oil sector grew by 1.45% in real terms in Q4'17, 0.27% higher by 2.21% than the -0.76% growth recorded in the preceding quarter and 1.78% stronger than the sector growth in Q4'16 (-0.33%). Growth in the sub-sector was driven by activity in the Agriculture sector (crop production), Trade, Transportation and Storage. The non-oil sector contributed 92.83% to the nation's GDP in Q4'17, higher than Q3'17 contributions to GDP of 89.96% but lower than the 93.25% contribution recorded in the fourth quarter of 2016.

The Agriculture sector being a major driver in this sub sector contributed 21.97% to nominal GDP in the fourth quarter of 2017 and remains the second largest contributor to growth, averaging 23% in the last five years.

GDP Growth (Q-O-Q) (Q4'2015 – Q4'2017)

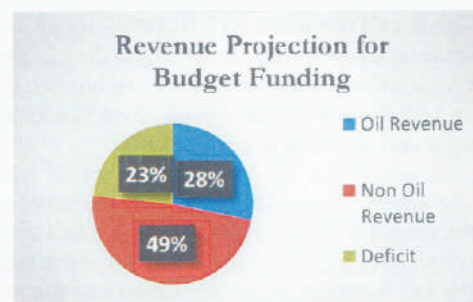


Source: National Bureau of Statistics, Planet Capital Research

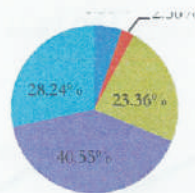
FISCAL POLICY

Nigeria's proposed fiscal expenditure for 2018 at ₦8.61 trillion is 15.71% higher when compared with the ₦7.44 trillion in 2017 with bulk of the augmentation associated with increased recurrent expenditure. Oil revenue is projected to fund 28.33% (₦2.44 trillion) of the budget while non-oil revenue is expected to cover 48.43% (₦4.17 trillion). The Nigerian Government intends to fund the deficit of 23.23% (₦2.01trillion) via domestic and external borrowing.

In the proposed 2018 appropriation bill of ₦8.61trillion, the recurrent expenditure less debt servicing was put at ₦3.49trillion, up from ₦2.98trillion in 2017 while Capex (excluding portion for statutory transfers) received an 11.46% improvement to ₦2.43trillion. Total debt servicing will gulp ₦2.01trillion, higher by 9.24% from ₦1.84trillion in 2017 and we expect this figure to moderate given government's borrowings to fund the deficit may be in foreign currency.



Source: Planet Capital Research



- Statutory Transfers
- Sinking Fund (Bonds)
- Debt Servicing
- Recurrent Expenditure
- Capital Expenditure

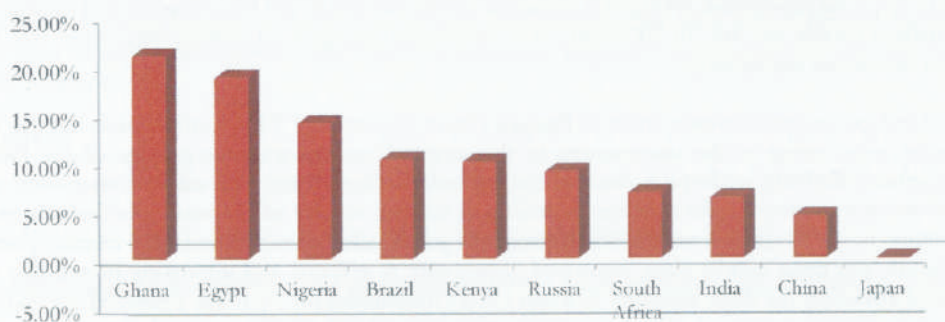
Source: Planet Capital Research

MONETARY POLICY

The Monetary Policy Rate was kept constant at 12% from 2012 to a significant part of 2014 until it was raised in November 2014 to 13.00 percent. In November 2015, the Monetary Policy Committee decided to reduce the MPR to 11 percent and later to 12 percent by March 2016. However, at the Monetary Policy Committee meeting held on the 25 and 26 of July 2016 the committee decided to increase the Monetary Policy Rate by 200 basis points from 12 per cent to 14 per cent to combat inflation.

In addition, the Asymmetric Corridor for Standing Lending and Deposit Facilities were narrowed from +200 and -700 basis points to +200 and -500 basis points. The Cash Reserve Ratio was also increased from 20% to 22.5% against the backdrop of rising inflation and declining foreign currency reserves. The Monetary Policy Rate (MPR) and Cash Reserve Ratio have remained at 14 percent and 22.50 percent respectively since July 2016.

BENCHMARK RATES OF KEY EMERGING & DEVELOPING COUNTRIES



Source: Central Bank of Nigeria, Planet Capital Research

INFLATION

Inflation rate averaged 12.2 percent in 2012, 8.5 percent in 2013 and 8.1 percent in 2014. The steady decline was from direct monetary measures by the apex bank to rein in inflationary pressures through an increase in interest rates which drove down aggregate demand. Inflation rate began to trend upwards in November 2014 and persisted through 2015 following the devaluation of the naira. In 2015, inflation rate averaged 9.0 percent but the lingering problem of dollar scarcity made imports more expensive, driving inflation further to 18.55 percent at the end of 2016.

The situation was worsened by the twin effects of a hike in electricity tariff and an increase in the pump price of petrol. Nigeria recorded a spike in Consumer Price Index (CPI) of 18.72% for the month of January 2017; her highest since November 2005, as a result of higher fuel and electricity prices. However, inflation declined to 16.01 percent in August 2017 and declined further to 15.37% at the end of December 2017. However, it is worthy to note that the inflation rate has been declining continuously with the current inflation rate at 14.33% as at February 2018.

Inflationary pressure is expected to subside due to an improvement in the foreign exchange market and base effect of last year when inflation spiked to double digit levels.



Source: National Bureau of Statistics, Planet Capital Research

OIL PRICES AND PRODUCTION

The Nigerian economy is highly impacted by oil and gas production, which accounted for approximately 8.0% of GDP in 2016 and approximately 75% of total gross federally collectible revenue. According to data from the CBN, crude oil prices declined from an average of U.S.\$113.47 per barrel in 2012 to an average of \$30.66 a barrel (over 60% decline) in January 2016. At the current U.S.\$65.11 a barrel, oil prices have witnessed a sustained recovery over the past 18 months. Nigerian's oil production averaged 2.39million barrels per day (mbpd) in 2013 and fell to an average of 2.21million barrels per day in 2014 while the average daily crude oil production in the third Quarter of 2016 dropped to 1.63 mbpd.

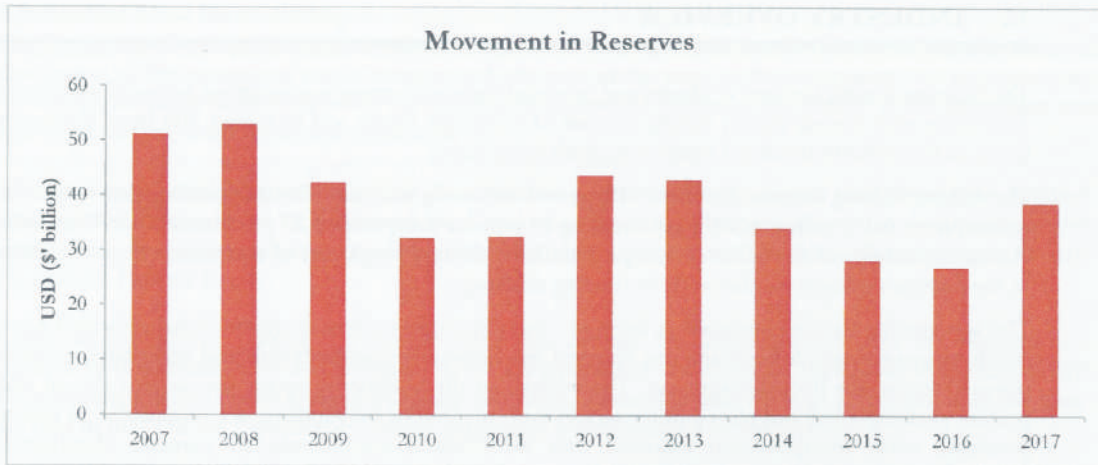
Prior to 2012, oil production averaged 2.38million barrels per day in 2011 and was capped in 2010 to an average of 2.47 million barrels per day. In 2008 and 2009 production averaged 2.1 million barrels per day, compared to 2.5 million barrels per day in 2005.

The oil and gas sector is a major driver of Foreign Direct Investment ("FDI") into Nigeria but this has slowed down in recent years owing to the uncertainties in the sector. However with the passage of the Petroleum Industry Governance Bill (PIB), we hope to see more investments in the sector. Non-oil investments are also increasing as global investors strive to take strategic positions in various sectors of the economy such as finance, insurance, agriculture, hospitality, construction, food, consumer goods, telecommunications and recently power. The growing population, emerging middle class, improved governance & reforms and improving investment environment are points of attraction for these investors. Foreign Direct Investment for 2016 was estimated at US\$1.54 billion.

EXTERNAL SECTOR

Nigeria's external sector, like most economies was under pressure during the global financial crisis and this was reflected in the decline in external reserves, capital withdrawals by portfolio investors and a lower trade balance. The external reserves position increased from U.S.\$28.3 billion in 2005 to U.S.\$53billion in 2008, dropping to U.S.\$32.3billion as at 31 December 2010. By the end of 2011, foreign exchange reserves amounted to U.S.\$32.64billion and firmed up to US\$44billion to close 2012.

Nigeria's reserves have come under immense pressure in the wake of the slump in crude oil prices; external reserves dropped from \$37.33billion in June 2014 to \$28.28billion at the end of 2015, a decline of 31.98% in 18 months. In 2016, reserves depleted by a further 15.83% to \$23.81billion in September but began a gradual recovery thereafter, owing to talks on production cuts from OPEC. In December 2016, the cut was agreed to and compliance enforced in January 2017. As a result, reserves rose to \$28.69billion in the first week of February, a 20.5% recovery from September lows and continues to rise, hitting US\$44.59 billion as at 16 March 2018 while oil prices have steadied around \$65 a barrel.



Source: National Bureau of Statistics/Planet Capital Research

Notwithstanding, oil price volatility persists due to crisis across the Middle East and militant activity particularly in Nigeria.

FOREIGN EXCHANGE

Following two rounds of devaluation, the local currency weakened by 25 percent between June 2014 when the official rate was N157.29/\$ and December 2015 when it closed at \$196.99. However, increased pressure on the naira led to a further depreciation after the apex bank decided to liberalize the foreign exchange market to allow for price discovery. The naira is currently trading at N305.75/\$ at the interbank market, a decline of 54.84 percent from December 2015 at \$196.99 to the dollar. In an effort to deepen the foreign exchange market and accommodate all FX obligations, the CBN announced a special window for Investors, Exporters & End-users. The purpose of the window is to boost liquidity in the FX market and ensure timely execution and settlement for eligible transactions. The local currency trades at ₦359.88/US\$ at the Investors, Exporters & End-user segment with an average turnover of \$150million.

REFORMS

Upon being elected into office in 2015, the Buhari led administration set out to pursue a number of reforms in order to transform the economy. The focus mainly was on the eradication of corruption, stimulation of the private sector economy and a reduction of dependence on the importation of petroleum products.

In order to achieve its objectives, the government focused on implementing the following reforms:

Treasury Single Account (TSA): The Introduction of Treasury Single Account is a public accounting system using a single account, or a set of linked accounts by the government to ensure all revenue receipts and payments are done through a Consolidated Revenue Account (CRA) at the CBN. Deposit Money Banks (DMB's) are allowed to maintain revenue collection accounts for Ministries, Department and Agencies (MDAs), but all collections must be remitted to the CRA at the end of every banking day.

The purpose of the TSA is to improve the accountability of government revenue, transparency and avoid misappropriation of funds. Although concerns were raised about the effect of the TSA on the liquidity of the banking system, the policy has been so far successful with the Federal Government collecting up ₦3 trillion as revenue accruals since the TSA's implementation.

Power: In August 2010, the Government launched the "Roadmap for Power Sector Reform" which seeks, among other objectives, to remove obstacles to private sector investment in the power sector, permit the privatisation of the generation and distribution companies as well as facilitate the construction of new transmission networks and reform the fuel-to-power sector. The Government estimates that in order to meet the target of 40,000 Mega-watts by 2020, a total investment of U.S.\$10 billion per annum will be needed throughout the whole power sector over the next 10 years, most of which it aims to achieve by incentivising the private sector to make such investments. The Government has successfully privatised the Distribution and Generation companies and core investors have taken over the assets.

Oil & Gas: The Government is currently reforming the petroleum industry and a general overhaul of the oil and gas sector is expected. The Petroleum Industry Governance Bill ("PIB"), a major legislative proposal that will represent the most comprehensive overhaul of the structure of the oil and gas industry in Nigeria since commercial oil production began in the 1960s, was recently passed into law by the National Assembly. Other significant reforms include the Nigerian Content Act 2010.

12 INDUSTRY OVERVIEW

The Nigerian leasing industry is vibrant and provided succour to many organisations across all sectors in the economy. The saying that leasing thrives during seasons of economic boom and recession, has been demonstrated over the years, as the industry remained resilient in challenging times.

The industry during the year, recorded 14% growth in leasing activities. The outstanding lease volume stood at ₦1.26 trillion, from ₦1.1 trillion in 2015 representing 14 percent compared to 27 percent in 2015. This decline was mainly due to the inability of the industry to cope with demand due to high cost of equipment, necessitated by the volatility in the foreign exchange market and the funding challenge.

The appetite for leasing continued to increase especially in the current economic situation which has made outright purchase increasingly difficult and this demand was buoyed by multinationals and other large corporate for service oriented leases like fleet management. The analysis of the volume by sector reveals that the oil and gas, with its present challenges still out played other sectors with the lead of ₦398billion, accounting for 24 percent of the total portfolio, while transportation followed with ₦319billion, representing 19 percent. Manufacturing stood at ₦180billion, Agriculture, Government, Telecommunications and other sectors (education, healthcare, construction and consumer sectors) recorded considerable growth.

Finance lease remained the predominant type of leases accounting for 70% of the transactions while operating lease accounted for 30%. In recent times there has been increase in the market share of operating lease due to its growing popularity among lessors as a risk mitigating mechanism against default and response to current market dictates especially from corporate customers who require service-oriented lease. The industry continued to witness the banks as lead players, particularly financing big ticket leases, and providing funds to lessors for lease transactions. The non-bank lessors however accounted for about 80% of customer base mainly from the Small and Medium Scale Enterprises (MSMEs).

Some capital market operators and other companies were attracted to the leasing industry to tap into the opportunities and as means of hedging against other non-performing product offerings. Also, vendors and service providers (telecom and oil) increased their participation in leasing industry. In terms of asset categorisation, about 40% of leased assets are vehicles including trucks for haulage and buses for inter-state commercial transportation, which have been major attraction in recent times. Financing of specialised assets is emerging in the market especially in the health sector. Our market projections show that the leasing industry will blossom, owing to the various initiatives of Government aimed at re-inflating the economy and the increasing relevance of leasing to capital formation in view of the challenge of access to finance especially to MSMEs. Essentially, the focus on agriculture will create huge market for the leasing business, as a whole range of equipment would be required across the Agric value chain, from planting, harvesting, processing and storage to distribution. Also, the special focus on infrastructure will open up business opportunities for the leasing industry as specialised and general equipment would be needed to support the massive construction that would take place in the rail, roads, power, housing etc. The manufacturing sector including the micro, small and medium enterprises (MSMEs) will equally present enormous opportunities for leasing, as the demand for assets for productive ventures is expected to continue to increase. Another emerging business opportunity lies in the healthcare and education sectors.

In the education sector, various assets are being leased including modern instructional equipment including computers, communications, laboratory, technical and research equipment in addition to the general assets like vehicles, generating sets. Indeed, leasing has immense scope in the sector given the large numbers of educational institutions across the country and the infrastructure financing gap. While it is obvious that the future for leasing is bright in Nigeria, it is imperative that operators reposition themselves to capture the immense opportunities, through appropriate capacity building and market research to fully understand the peculiarities of these industries. Specifically, players in the industry should imbibe sound corporate governance to increase their corporate profile in order to endear them to necessary support and patronage, especially in the areas of attracting appropriate funding and business partnership. It is also important for operators to adopt proactive business approach, understand the risk profile of transactions and other dynamics before venturing into them.

REGULATORY OVERVIEW

The Equipment Leasing Act was passed into Law in 2015 to regulate the businesses and practices of Equipment Leasing, so that the relationship between the Lessor and the Lessee and third parties with Notice are properly identified and protected. The Equipment Leasing Act, in furtherance of the above objective, created the Equipment Leasing Registration Authority with one of the principal functions of this Authority being to register all Equipment Leasing Agreements and certify Professional Equipment Lessors.

Agreements Must Be in Writing

The Equipment Leasing Act requires that all Equipment Leasing Agreements must be in writing, with a detailed description of the equipment that is being leased, the cost or the price of the equipment, the selection process for the contracted equipment being lease, the instalment lease rental payments the parties to the equipment lease have agreed on, among other terms and conditions.

All Equipment Leasing Agreements must also include a provision that the Lessee shall, during the duration of the lease, remain a mere Bailee or Trustee of the Owner/Lessor of the equipment, with no proprietary or ownership rights of any kind except where expressly provided for at the completion of the lease payments, as in the case of the Equipment Finance Leases.

Lastly, all Equipment Leasing Agreements must also contain the provision that until the Equipment Leasing Agreement is renewed or the Lessor agrees to sell the equipment to the Lessee, the Lessee will compulsorily deliver the equipment to the Lessor in good order and condition, reasonable wear and tear exempted, once the lease rentals are paid in full, and the Equipment Leasing Agreement is extinguished or terminated.

Registration Certificate

A Registration Certificate is required to be issued for every Equipment Leasing Agreement which satisfies the Registration Requirements under the Equipment Leasing Act ("ELA").

It is now also mandatory that a copy of the Equipment Leasing Agreement, after its execution by both parties, must be delivered or given to the Lessee.

Equipment Leasing Registration Authority and Companies

Only an incorporated limited liability company, with the express object of carrying on business as an Equipment Leasing Company that is subsequently registered by the Equipment Leasing Registration Authority ("ELRA") can legally carry on business as an Equipment Leasing Company.

In addition to registering Equipment Leasing Companies, the ELRA is also charged with the registration of all Equipment Leasing Agreements and maintain a Register for all such Agreements, as any Agreement that is not registered by ELRA is of no legal effect whatsoever between the Lessor and the Lessee. Third parties without notice of a registered Equipment Leasing Agreement, who acted in good faith for value, can enjoy an exemption from the terms of such an Agreement without prejudice to the rights of the Lessor and the Lessee.

Ownership of Leased Equipment

The ELA requires the Lessor to conspicuously inscribe or affix his or her or its name on all equipment that is/are leased.

The ELA also ascribes to the Lessor an implied term of ownership on all equipment leased by the Lessor. Thus, the Lessor's interest in the equipment takes priority in the event that the lessee is liquidated, wound-up, or declared bankrupt.

Lessee's Rights and Obligations

Provided the Lessee abides by the terms and conditions of the Equipment Leasing Agreement, the Lessee has the right to use and quietly enjoy the possession of the leased equipment. These rights include protection from a unilateral termination of the Equipment even if the Lessor is declared insolvent, bankrupt or wound-up.

In addition to paying the Lease Rentals, some of the other obligations of the Lessee under an Equipment Lease arrangement include the proper and reasonable care of the equipment, in the condition in which it was leased, fair wear and tear exempted. Another very important right that Equipment Lessees' now have is the right to sue the Equipment supplier or manufacturer for damages and compensation arising from the supplier or the manufacturer's equipment default. This is without prejudice to the Lessor's rights against the Lessee or the supplier or the manufacturer of the equipment.

Taxation and Equipment Leasing

Under the ELRA, the Lessor is now entitled to claim all tax allowances and benefits permitted under the Companies Income Tax Act. This may however pose a challenge as the existing tax laws do not allow a Lessor in an Equipment Finance Lease arrangement to claim Capital Allowance from such an Asset. Only Lessors to an Equipment Operating Lease can claim the Capital Allowances to such a leased asset/equipment.

The resurrection of the requirement that a Certificate of Acceptance of Capital Expenditure must be obtained from the Federal Ministry of Industries, Trade and Investment, before a Capital Allowance can be claimed from a capital expenditure will apply to the Lessor or the Lessee's right to claim any capital or tax allowance or deduction from an Equipment that is leased.

Depending on whether the Lease is a Finance Lease or an Operating Lease, and on whom the eventual ownership or title to the asset will lie at the termination of the Lease, statutory taxes - Companies Income Tax, Withholding Tax, Value Added Tax and Capital Gain Tax, will still apply to incomes and benefits earned under an Equipment Leasing Arrangement.

Termination and Repossession

A Lessor of a leased equipment has the right to terminate an Equipment Leasing Agreement and apply ex-parte i.e. without notice to the Lessee – to a Federal High Court for a warrant of repossession of the leased equipment on the condition that the Statutory Notice of Default or Breach was served on the Lessee and the Lessee has failed to remedy the default or breach within the fourteen (14) days stipulated in the Notice.

The Lessor's right to repossess the equipment leased is without prejudice to the Lessor's other rights to recover any lease rental amounts that have not been paid, with any damages arising from the Lessee's breach of the Equipment Leasing Agreement.

Conclusion

The generalisation and treatment of Equipment Leasing in the ELRA, without careful attention been paid to the distinction between the different kinds of Equipment Leasing and their tax treatment under the existing tax laws is a recipe for grave implementation challenges. An amendment of the ELRA, in consultation with the tax authorities and other Equipment Leasing stakeholders is therefore highly recommended.

Another matter deserving of mention is the Central Bank of Nigeria ("CBN") requirement that Companies engaged in finance leasing businesses must apply to the CBN for a Finance Company License. Such companies shall also be subjected to the CBN's prudential and regulatory guidelines as may be published by the CBN from time to time. Of concern is the likelihood of over regulation by the Central Bank of Nigeria, the Equipment Leasing Registration Authority and the Equipment Leasing Association of Nigeria ("ELAN"); this is especially as Equipment Leasing is more specially designed for micro, small and medium scale businesses.

RECENT DEVELOPMENTS

Global economic growth remained slow in 2017 and is being projected to grow at 2.9% in 2018, a similar situation in the next two years. The growth projection is based mainly on assumptions that the global economy will be driven by the continued recovery in developed economies, supported by flexible monetary policy, renewed fiscal boost and stronger economic activity in most of the emerging economies.

The economy became tighter with declining foreign exchange, as the oil price experienced a continuous fall, which later shot up by over 4.5 per cent to hit \$57.89 per barrel, its highest level since July 2015, after the Organization of Petroleum Exporting Countries, OPEC, and other producers' meeting in December. The country's reserves stood at \$25.6billion as at November 2016, with volatile naira-dollar parity, this situation forced many organizations to go out of business, thereby shooting unemployment rate to 18.8% by end of third quarter 2017.

The government intends to create an enabling environment that would encourage investments, mobilize private capital, as well as improving the capacity and access to finance for MSMEs in addition to its diversification drive.

The special focus on infrastructure will open up business opportunities for the leasing industry as specialized and general equipment would be needed to support the massive construction that would take place in the rail, roads, power, housing etc. The various assets that would be required for schools and the health sector, will also present a huge market for leasing.

In a bid to achieve self-sufficiency in food production for the nation, a whole range of equipment would be required across the agriculture value chain, from seedlings/inputs to fertilizers, harvesting, processing and storage as well as distribution.

The manufacturing sector as well as the micro, small and medium enterprises (MSMEs) will equally present enormous opportunities for leasing, as the demand for assets for productive ventures will increase.

Indeed, the budget presents immense opportunities for operators in the leasing industry. What is required is for lessors to identify and key into these windows with full readiness, having their capacities enhanced for success. Essentially, the industry should imbibe sound corporate governance to increase its corporate profile and endears it to necessary support and patronage especially in the areas of attracting appropriate funding and business partnership. It is also important for operators to adopt proactive business approach, understand the risk profile of transactions and other dynamics before venturing into them.

On its part, Government needs to continue to give the right support to the industry to enable leasing contribute maximally to economic development of the nation. While, the Equipment Leasing Act 2015, provides a major platform for the development of the leasing industry, there is the need for further specific interventions such as facilitating appropriate funding mechanism for leasing and direct policy on government's utilization of leasing in its developmental agenda.

Indeed, it has been established that leasing equally thrives when the economy is in a slump. The emerging opportunities in the Nigerian economy amidst recessions are quite obvious due to the increasing difficulties of mobilizing capital for outright purchase. However, the kernel of it all is the willingness and the capacity of stakeholders to bring the developmental attributes of leasing to bear in the state of things that would facilitate the attainment of the goal of taking the economy out of the woods.

CHALLENGES AND OPPORTUNITIES

Leasing firms, in spite of the clear benefits associated with equipment leasing are yet to exploit their potentials. However, this is not farfetched from the problems arising from the economic, judicial framework and financed based issues. Leasing enables easy access to the much needed equipment required for productive speculations that would stimulate economic growth and development. The leasing industry has contributed immensely towards capital formation in the economy. In 2013, the outstanding lease volume according to Equipment Leasing Association of Nigeria (ELAN) was ₦780bn representing a growth rate of 16.3% as against year 2012 which was ₦671bn (ELAN 2013 annual report).

Aside from the tax issues, operators of equipment leasing in Nigeria are faced with enormous challenges that affect the growth and development of the leasing industry. Research has shown that the problems are in the areas of funding, high importation cost of equipment, default in payment in terms of fatigue, fraudulent practice and poor Credit bureau. Others are the newly introduced Auto tariff policy by the Federal Government which increases the importation tariff by 35% (Businessday, March 9, 2014), this has resulted into high increase in the value of used foreign (Tokunbo) vehicles. Though, the policy is a good development as that would increase employment in another form. The idea of the policy is to encourage Auto manufactures to have an assembly plants in the country. The declining value of the naira against the US dollars is contributing to the high cost of imported equipment. Most of the item for leasing are imported products and with the high exchange rate, factoring the withholding tax and VAT etc., the lease pricing becomes certainly high and this discourages potential clients.

Majority of our Commercial banks that are into equipment leasing sees leasing companies as their main competitors and exhibits unwillingly interest of extending cheap credit to the leasing companies to the impairment of the whole economy. The non-availability of long-term low cost borrowing has contributed majorly to the decline of equipment leasing in the country. It is a known fact that leasing business involves small to long-term financing and since the local financial players cannot offer the funding solution, therefore the only option for the leasing companies is to get foreign financial institution as financier or partner which is not imminent because of the socio-political considerations and the unbalance insecurity situation in the country that is not attractive to foreign investors. Fraudulent practices by the lessee is another unfavourable challenge to lease development such as tampering with mechanisms of the assets on lease, simultaneous multiple lease financing and default in the rental payment arising from payment fatigue and others. Payment fatigue, is when a leased asset is structured for longer period and the asset starts developing faults and repairs, the lessee will not or be reluctant in payment of the rental, as at when due as structured. This is one of the reasons why default rates on lease payment is on the increase.

The leasing industry in the country should have more impact on the economy, given better acceptance of equipment leasing as a funding option. This however can only be achieved based on viable provision of enabling and regulatory environment by the authority in Nigeria. The government should make more funds available and accessible to the leasing companies through borrowing or injections as this will reduce the cost of lease funding and dependency on the capital market for long term loans for the acquisition of leasable assets

13 RISK FACTORS

Investors should consider all of the information in this Prospectus, including the following risk factors, before deciding to invest in the Bond. If the risks described below materialize, the Company's business, results of operations, financial condition and/or prospects could be materially adversely affected. Furthermore, the risks described below are not exhaustive. Additional risks not currently known may also have a material adverse effect on the business, financial condition and results of operations of the Company.

13.14 COUNTRY RISK

i. Economic Risk

The Nigerian economy is largely dependent on oil production and is directly affected by fluctuations in the global prices of oil. Oil prices are unpredictable over the medium to long term and are determined by various factors outside the control of the Company. The impact of volatile oil prices on the Nigerian economy was evident in lowered external revenues and foreign reserves in the past few years of sub \$50 oil price. Growth in the economy in recent quarters has been significantly less than in previous years, while inflation hit double digits. The outlook for growth remains positive, however, growth prospects could be hindered by threats in form of short and mid-term downside risks. However, the OPEC deal with non OPEC members to curb supply has led to an improvement in prices which has improved Nigeria's oil revenues and external reserves. A continued drop in oil prices however could lead to drop in demand for well drilling which is likely to impact the Company's revenues.

ii. Security Risk

Nigeria continues to experience some security challenges. Sectarian conflicts in the Middle Belt and Northern Nigeria continue to pose a threat to Nigeria's political stability. There has arisen a separatist movement in the South East of the country demanding for secession, there has been protests by the movement which has led to clashes with security agencies and the movement declared a sit-at home day which was largely implemented in the Southeast states. Although the Niger Delta violence has abated, there continues to be incidents of oil theft in the region. The Federal Government of Nigeria continues to tighten security to curtail the actions of the Boko Haram group. Reported bombings are reduced with the Nigerian Armed Forces recovering kidnapped persons from the dreaded Boko Haram terrorist sect. There are also the headsmen/farmers clashes in certain parts of the country. Prominent Nigerians have recently started canvassing for a restructuring of the country's political structure to address agitations for autonomy particularly on resource revenues and address the security challenges in the country.

iii. Emerging Markets Risk

Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging market could cause the price of the Securities to decrease. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.

Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Issuer's business, as well as result in a decrease in the price of the issuer's securities.

13.15 RISKS RELATED TO THE MARKET AND THE EQUIPMENT LEASING SECTOR

i. Service Delivery Management

This refers to inadequate service/project management leading to inappropriate activities, increased costs, inadequate change management and late delivery of services. This risk can be mitigated by maintaining quality standards and excellent service delivery to preserve existing business contract.

ii. Information and Information Systems Risk

These risks relate to the availability, integrity, retention and safeguarding of information and dependence on information technology as a business within the areas of availability of information systems and integrity of information systems and effectiveness of information systems.

13.16 BUSINESS RISKS

i. Lease Payment Risk

This risk is associated with the customers of the company not paying their lease rental payments as at when due. This is the risk of the lease rental payments been paid late or not paid at all.

ii. Risks of Growth and Expansion

The Company's strategy includes future expansion and development plans, based on forecasts, patterns and estimates. There is no guarantee that such forecasts, patterns and estimates are correct or sound. Accordingly, should such forecasts, patterns or estimates prove to be untrue then it may adversely affect the Company's business, financial position, operating results and future prospects.

Additionally, the future of the Company will depend in part on its ability to manage its growth in a profitable manner. The Company's Management will need to expand operations for achieving the necessary growth, while retaining and supporting its existing customers, attracting new ones, recruiting, training, retaining personnel and managing their affairs in an effective manner and maintaining financial controls. If the Company fails to achieve such growth, then it may adversely impact the Company's business and financial position.

13.17 RISKS RELATING TO BONDS & ISSUER

i. Structural Risks

a. The Issuer

C & I leasing Plc, listed on the Nigerian Stock Exchange, is the foremost brand for leases and other ancillary services in Nigeria. With staff strength of over 4,000 people and operational offices in key locations in Nigeria and Ghana, the company takes pride in its track record of exceptional and qualitative service delivery.

Today, the C & I leasing Plc brand presence can be felt in major sectors in the Nigerian economy, providing specialized services, in Marine, Telecommunications, Oil and Gas, Equipment Rentals, Manpower Outsourcing and Transportation.

b. Change in Law

The Issuer duly incorporated and established under the Nigerian law, which remains in effect as at the date of this prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Prospectus.

c. The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Company operates, changes in financial estimates by securities analysts and the actual or expected sale or purchase of a large number of bonds.

d. Credit ratings may not reflect all risks

The Bonds will be assigned a rating by at least one Ratings Agency. The ratings are not a recommendation to prospective investors to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time; the ratings may also not reflect all the risks that a potential investor may be seeking clarity on. A credit rating is not a recommendation.

e. Credit Risk

Bonds issued under the Programme will be backed by the full faith and credit of the Issuer. If a prospective investor purchases Bonds, it is relying solely on the creditworthiness of the Issuer and the Security on the Bonds. In addition, an investment in the Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the Bonds.

f. Legal Investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are a legal investment for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

g. Bonds may be subject to optional redemption by the Issuer

An optional redemption feature in the Bonds may negatively affect their market value. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which it can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a lower rate

ii. Referencing to an index may subject the Bonds to additional risk

The Issuer may issue Bonds with Principal repayment or Interest payments determined by reference to an index (or formula), to changes in the prices of the securities or commodities or other relevant factors.

Potential investors should be aware that:

- they may receive no interest;
- they may lose all or a substantial portion of their principal;
- a relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices; and
- timing of changes in a relevant factor may affect the actual yield to investors, even if the actual level is consistent with their expectations; i.e., in general, the earlier the change in the relevant factor, the greater the effect on yield.

iii. Market Risks

a. Liquidity risk for the Bonds

There may not be very active two-way quote trading in the Bonds once issued, although the listing of the bonds on the FMDQ-OTC and/ or on any other approved Exchange increase the possibility of trading activity. The liquidity of the Bonds may be somewhat limited and investors may not be able to trade the Bonds actively; although there are a number of initiatives aimed at developing and deepening the debt capital market and creating liquidity and a vibrant, tradable bond market, the impact of these initiatives on the trading of the Bonds cannot be assessed immediately.

b. Changes in interest rates may affect the price of the Bonds

When securities such as bonds are offered with a fixed interest rate, such securities are subject to price fluctuations; as such securities may vary inversely with changes in prevailing interest rates. That is, where interest rates rise, prices of fixed rate securities fall and when interest rates drop, the prices increase. Accordingly, the extent of the fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates, which frequently accompany inflation and/or a growing economy, are also likely to have a negative effect on the price of the Bonds.

The Bonds may, in the event of a change in market conditions, which result in an adverse change in interest rates, be unattractive to investors; with the prevailing rates being more attractive than the coupon on the issued Bonds.

c. Currency (Exchange Rate) Risk

A number of the projects that will be undertaken by the Issuer may involve a foreign currency component either in terms of the cost of manpower and equipment or other foreign denominated elements required for the execution of such projects. Fluctuations in the value of the Naira can make the costs of projects more expensive than currently projected, thus impacting negatively on the Company's ability to complete the projects within the existing financing structure. Consequently, the Company may not generate the revenues anticipated from the projects.

INTRODUCTION**C & I Leasing Plc**

C & I Leasing Plc, listed on the Nigerian Stock Exchange, is the foremost brand for leases and other ancillary services in Nigeria. With staff strength of over 4,000 people and operational offices in key locations in Nigeria and Ghana, the company takes pride in its track record of exceptional and qualitative service delivery. Today, the C & I Leasing Plc brand presence can be felt in major sectors in the Nigerian economy, providing specialized services, in Marine, Telecommunications, Oil and Gas, Equipment Rentals, Manpower Outsourcing and Transportation. C & I Leasing Plc, which primarily started out as a finance leasing company has over the years, grown to become the foremost name for support services in Nigeria. The Company now has over four divisions, and two subsidiaries under its auspices, making up the C&I Leasing group with interests in Marine, Telecommunications, Oil and Gas, Equipment Rentals, Manpower Outsourcing and Transportation.

Our Culture

The C & I Leasing brand has over the years been modeled to reflect a warm and friendly disposition. We believe strongly in the right of our customers to great service backed by our core values of fairness, integrity, responsibility, excellence and safety.

At C & I Leasing, our employees address themselves on first name bases, and enjoy a relaxed and open work environment designed to encourage and foster innovativeness.

HISTORY

C & I Leasing Plc was incorporated in 1990 as a limited liability Company. Licensed by the Central bank of Nigeria to offer operating and finance leases and other ancillary services, the Company commenced full operations in 1991. In 1997, C & I Leasing Plc concluded a major restructuring and diversification project that saw its conversion to a public company with its shares listed on the official list of the Nigerian stock exchange as the only leasing and rental Services Company.

C & I Leasing Plc has enjoyed consistent growth over the years and has expanded its scope of business to cover major sectors of the Nigerian economy and indeed the west coast of Africa.

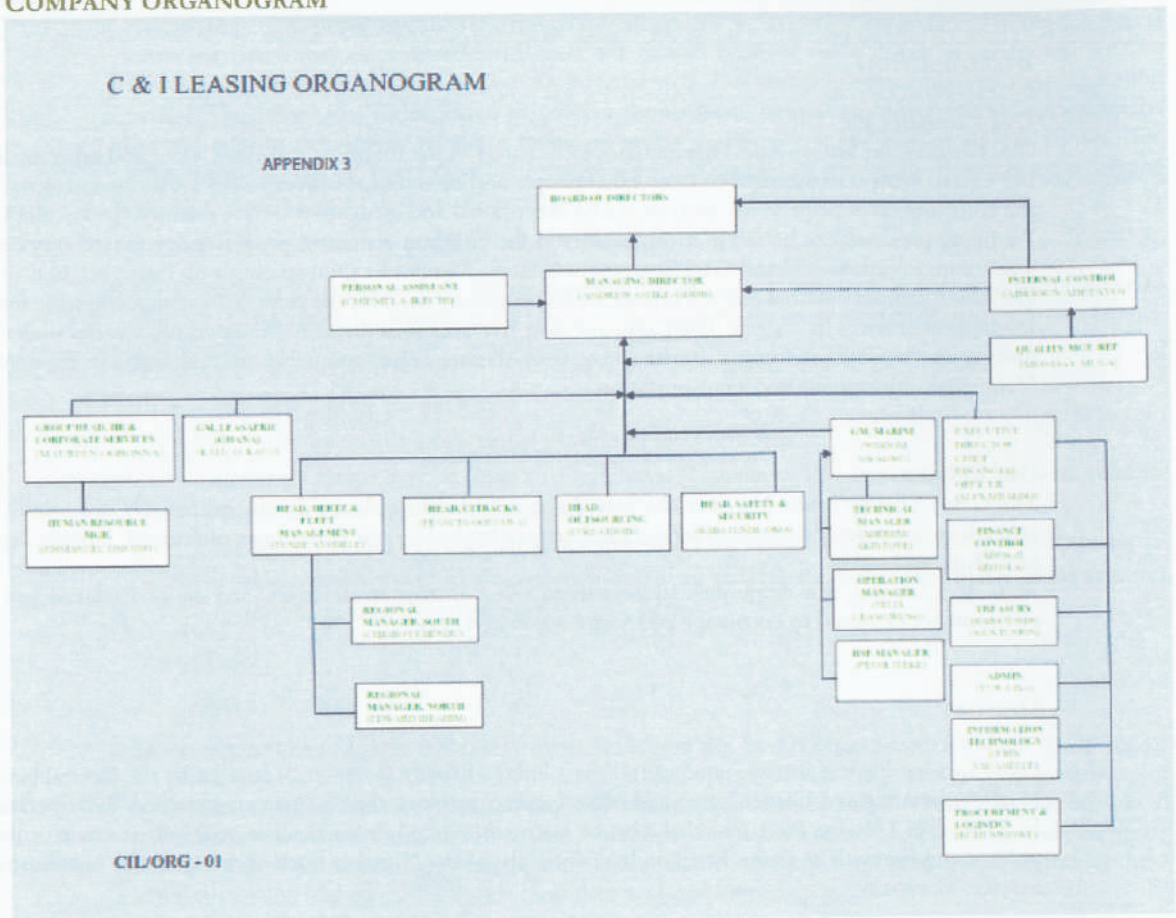
SHAREHOLDING & OWNERSHIP

C & I Leasing Plc was incorporated in 1990; the registered address of the company is at 2 Leasing Drive, off Bisola Durosinmi Etti, Off Admiralty Way, Lekki Phase 1, Lagos. The authorised share capital of the Company is ₦1,500,000,000 divided into 3,000,000,000 ordinary shares of ₦0.50 each while the issued share capital is ₦808,505,000 divided into 1,617,010,000 ordinary shares of ₦0.50 each.

The list of shareholders holding 5% of the Company's shares as at 31st December 2017 is as follows:

S/N	Name of Shareholder	Number of Shares	Percentage Holding
1.	LEADWAY ASSURANCE LIMITED	140,000,353	8.66
2	CIL ACQUICO LIMITED	130,789,499	8.09
3	PETRA PROPERTIES LTD	87,685,985	5.42

COMPANY ORGANOGRAM



PROFILE OF THE DIRECTORS OF C & I LEASING PLC

The Board of Directors of C & I Leasing Plc is headed by Chief Henry Okolo a Chartered Accountant (1983) and the Chief Executive Officer of Dorman Long Engineering Limited. He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka (1978). Chief Okolo was a past coordinator of the West African Enterprise Network (Nigerian Chapter) from 1995 – 1997 and the Vice Chairman of the Nigerian Economic Summit Group 1991.

The profiles of the members of the Board of Directors and Management are stated below:

MR. CHUKWUEMEKA NDU – VICE CHAIRMAN

Mr. Chukwuemeka Ndu, a Chartered Accountant (1986) and Managing Director/Chief Executive Officer of C&I Leasing Plc, was until June 2000 the Chairman of the Equipment Leasing Association of Nigeria (ELAN). Mr. Emeka Ndu acquired auditing and consulting experience with PriceWaterhouseCoopers (1983-1987). Prior to establishing C&I with a group of investors Mr. Ndu had worked for the Ibru Group, as Group Finance Manager of the Fishing Group (1988) and Ventures & Trusts Ltd., a venture capital company, as an investment executive (1987-1988). Mr. Ndu has served as the Chairman of the Shipping and Marine Services Sub-Committee of the National Content Consultative Forum set up by the Nigerian National Petroleum Corporation (National Content Division) to promote indigenous content in the Nigerian oil & gas industry (2005-2009). He has also served as Chairman on a similar committee set up by the Nigeria Maritime and Safety Administration (NIMASA 2007). He attended University of Nigeria, Nsukka from 1978 to 1982.

MR ANDREW OTIKE-ODIBI – MANAGING DIRECTOR

Mr. Andrew Otiike-Odibi joined the service of C & I in December 1998 as a Senior Manager in the company's Port Harcourt Office. He rose to the post of General Manager (Business Development) and was appointed to the Board in November 2007. Prior to joining C & I, Mr. Otiike-Odibi was a Branch Manager with Diamond Bank Plc between 1993 and 1998. Mr. Otiike-Odibi graduated in 1988 with a B.Sc. in Accountancy from the University of Benin and obtained an M.Sc. from the same University in 1990. He also holds an MBA from the University of Benin (1991). He has attended several local and overseas courses.

MR. LARRY.O. ADEMESO – DIRECTOR

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 (1992) and Marketing respectively from the University of Lagos (1988). He is an Associate of the Chartered Insurance Institute of Nigeria (1999) and Associate member of the International Insurance Society 2011. He is an Alumni of the Lagos Business School 2010.

SULE UGBOMA – DIRECTOR

Mr. Sule Ugboma holds B.Sc and MBA in Business Management from Imo State University in 2005 and 2011 respectively. He was conferred with Honorary Doctorate Degree in Business Administration in 2002 from Imo State University, Owerri. Mr. Ugboma completed a Directors Certification Course from The John E. Anderson Graduate School of Management, University of California, Los Angeles, USA where he qualified as a Certified Director in 2009. He is also a member, Institute of Directors, Nigeria.

OMOTUNDE ALAO-OLAIFA – DIRECTOR

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 2001 and an MBA from Pan Atlantic University (Lagos Business School) 2005.

IKECHUKWU DURU – DIRECTOR

Mr. Duru is presently a General Manager in Credit Alliance Financial Services Limited. He obtained his HND from the Institute of Management and Technology (IMT), Enugu in 1989. He holds an MBA from the University of Lagos (1998) and is a member of both the Chartered Institute of Stockbrokers (2003) and the chartered Institute of Taxation (2001).

JACOB KHOLI – DIRECTOR

Mr. Kholi is a graduate of Accounting from the Business School of the University of Ghana (1989), He is a member of the Institute of Chartered Accountants of Ghana (1995). He also holds an executive master of Business Administration (International Business) degree (Paris graduate school of management - 2007) and an MSC in finance and financial law (University of London-2012). He joined Venture Fund Management Company (Now ABRAA) Ghana Advisers Ltd.) (1995) and was Managing Partner of Aureos and partner at Abraaj and head of Abraaj sub-saharan Africa operations until September 2017. He is currently co-founder and partner at t5 Africa capital partners. He is also a Director in several companies in Nigeria.

MR. MBAKOGU ALEXANDER – CHIEF FINANCIAL OFFICER

Mr. Mbakogu Alexander graduated from the University of Nigeria, Nsukka with a B.Sc in Accounting 1996 and an MBA in Finance from the University of Lagos (2008). He has held several positions since joining C&I Leasing Plc, including Management Accountant, Head Treasury, Manager, Finance and Accounts 2007, Managing Director, Leasafric Ghana 2013 and until recently Chief Financial Officer/Executive Director. He is an associate member of the Institute of Chartered Accountants of Nigeria 2000, the Institute of Credit and Risk Administration of Nigeria 2006 and the institute of Chartered Management Accountants of Nigeria 2006.

MR. AIYEOLA SUNDAY ADESOJI – HEAD FINANCE

Aiyoola Sunday Adesoji joined the services of C&I Leasing Plc in August 2008 as an Accountant. Prior to joining the company, he worked with Dangote Flour Mills Plc as the Head of Accounts 1993-2008. A Chartered Accountant 1995 by profession, he also holds a B.S.C in Economics 1988, with over 22 years of professional experience.

MR. BABATUNDE OGUNTUNRIN – HEAD TREASURY

Babatunde Oguntunrin joined C&I Leasing in October 2008. His current working experience spans over 15 years in banking, consulting, leasing and fleet management. A Trained Accountant 2006 and Chartered banker 2010. He has his Master's degree in financial management 2010 with emphasis on financial accounting. Mr. Oguntunrin has attended courses both in the country and overseas in treasury management, leasing, budgeting and budgetary control, international fleet management programme, category management and Senior Management Programmes in LBS (2011).

MR. ADETAYO ABIODUN OLUGBENGA – HEAD INTERNAL CONTROL AND QUALITY ASSURANCE UNIT

Adetayo Abiodun Olugbenga joined C&I Leasing Plc., in 2007, as an Internal Control Officer. He holds an HND in Accountancy from the Lagos City Polytechnic Ikeja, Lagos in 2006. Prior to joining the company, he had worked as an Internal Auditor for Sweet Sensation Confectionary 2004-2007. Mr. Adetayo is a member of the Institute of Chartered Accountants of Nigeria, 2009; and a Certified Internal Control Professional, 2012.

TIMOTHY EMMANUEL UDOH – HEAD HUMAN RESOURCES

Timothy, Emmanuel Udoh joined the service of the company in March 2011 as Human Resources Manager. Prior to joining the company, he worked with Dorman Long Engineering Ltd as Human Resources and Admin Manager (2009 - 2011). He has a degree in Business Administration from the University of Benin, Benin City in 1988, and an MBA, with Specialization in Human Resource Management, from the University of Lagos (2016). He is a Full Member of the Nigerian Institute of Management (NIM), September 2003, and Member of the Chartered Institute of Personnel (CIPM), October, 2004.

MR AYODELE JOHNSON BABATUNDE – HEAD HERTZ/FLEET MANAGEMENT

Mr. Ayodele Johnson Babatunde joined the service of the company in December, 2007 as a Management Accountant. Prior to joining the company, he worked with Truevine global Asset Management as the Head of Financial Control (January 2005 to October 2007). Mr. Babatunde holds a B.sc in Accounting from the University of Lagos (1994), and is an associate member of the Institute of chartered Accountants of Nigeria (1999), the Chartered Institute of Taxation of Nigeria (2002) and a member of the Chartered Institute of Stockbrokers (2006)

MR CHIABI IKECCHUKWU EDWIN – HEAD OUTSOURCING

Mr. Chiabi Ikechukwu Edwin joined C&I in January 2007 as an Assistant Manager, Operations, in C & I Outsourcing, a division of C & I Leasing Plc. Mr. Chiabi is an associate member of the Institute of Chartered Accountants of Nigeria (2011) and has worked in several financial advisory positions prior to joining C & I Leasing, Including, Elmack Nigeria Limited as the Head of Financial Control & Logistics (2006).

MS. FRANCES C. OGUJAWA – HEAD, Citrans Telematics Solutions

Ms. Frances C. Ogujawa graduated from the Enugu State University of Science and Technology with a B.Eng. in Electrical/Electronics (1998). She joined C&I Leasing in May 2008 as the Supervisor, Business Development Land Rentals unit. Prior to joining the company, Ms. Ogujawa had worked as the Business Development Manager for Phoenix Associates Ltd (2001-2007). She is a member of the Nigerian Institute of Management (NIM) (2019) and the Chartered Institute of Purchasing and Supply Management (2011)

MR JOHN USUANLELE – HEAD, INFORMATION TECHNOLOGY

Mr. John Usuanlele joined C & I in 2001 as a computer analyst. He holds a Post Graduate Diploma in Computer Science from the University of Benin (1998) and a B.Sc. in Applied Science from Bendel state University 1986 and many professional Certifications. Prior to joining the company, he worked with Maaji Consultants Limited as an IT consultant and Balance sheet audit trainee 1997-2001

MRS. RUTH NWIGWE – HEAD, PROCUREMENT

Ruth Nwigwe joined C&I Leasing in 2004. She has since then served in various capacities including, Unit Head, Finance Lease, and Coordinator Joint Ventures and Special Projects(March 2009 – June 2012). Ruth Nwigwe is a graduate of Abia state university, with a B.S.C Education-Social studies, (2,000). MBA, University of Wales (2015) she is a member of the Nigerian Institute of Management (2010).

MR BABATUNDE OSO – HEAD SAFETY AND SECURITY

Mr. Babatunde Oso graduated from the Ondo State University, with a B.A Hons. History (1987). He has a Certificate in Corporate and Industrial Security. He is a Certified Security Specialist. He joined C&I Leasing in 2010 as the Chief Security Officer. Prior to joining C&I Leasing, Mr. Oso had worked in several positions in Security, including Berger Paints Nig. Plc as the Safety & Security Manager [1999-2010) He is a member, Police Community Relations Committee(1999-Till date) and Nigerian Institute for Industrial Security (2014).

MAUREEN OGBONNA – GROUP HEAD, HUMAN RESOURCES & CORPORATE SERVICES

Maureen Ogbonna holds a Bachelor of Technology in Industrial Chemistry from the Federal University of Technology in Owerri, Imo State (1991) and an MBA with Merit from the Durham Business School in the United Kingdom. (2013). She joined the group in October 2000 as the manager Nigeria Impex limited where she managed the paper indenting business with South Africa's foremost paper and pulp manufacturer (SAPPI). In January 2005, she was redeployed as the manager Finance lease; and thereafter, redeployed as General Manager, Rentals which included the Marine business. Maureen has since March 2013 been the Managing Director of C & I Motors Limited; a subsidiary company that has the sole franchise for Suzuki vehicles in Nigeria.

HEAD OF SUBSIDIARIES

MR. WISDOM NWAGWU – GENERAL MANAGER, C&I PETROTECH MARINE LTD

Mr. Wisdom Nwagwu is a well experienced Marine engineer; he got his Class One certificate of competency from the United Kingdom, in 1993, and he holds a diploma in Ship's Superintendency from the prestigious Lloyds Maritime Academy, United Kingdom in 2005; he also obtained a PGD in Business Administration from the University of Liverpool, United Kingdom in 2012. Prior to joining C&I Petrotech Marine in December 2011, Mr. Nwagwu spent 11years at Lamnalco Ltd (Sept 2000 to Nov 2011) and his last 4years was in the position of Fleet Manager - West Africa, responsible for Lamnalco's operations in Cameroon, Equatorial Guinea, Angola and Ivory Coast.

MR. KALU ONYEAMU KALU – GENERAL MANAGER, LEASAAFRIK GHANA

Mr. Kalu Onyeamu Kalu joined C&I leasing Plc in 2002 as an Assistant Internal Auditor. He later worked in the Finance Department for several years before being seconded to Leasafric Ghana Limited in 2010 as Head of Finance and Administration and currently General Manager. Before joining C & I Leasing, he worked as an Accountant with Frank Charles Nigeria Limited (2001-2002) and also worked with Alatta, Nzewi & co., a firm of Chartered Accountants as an Audit Senior. (1995-2001). Mr. Kalu Onyeamu Kalu is a Chartered Accountant and Member of Certified Institute of Cost Managers (2010). He holds HND in Accounting and MBA in Cost Management from Ladoko Akintola University (2010).

PKF Professional Services



13 April 2018

The Directors
C and I Leasing Plc
5, C&I Leasing Drive
Lekki Phase 1
Lagos.

And

The Directors
Planet Capital Limited
3rd Floor, St Peter's House
3, Ajele Street, Off Broad Street
Marina
Lagos.

Dear Sirs,

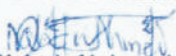
**C AND I LEASING PLC
CONFIRMATION OF GOING CONCERN STATUS – FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017**

We are statutory auditors to C and I Leasing Plc. We were responsible for the audit of the financial statements for the year ended, 31st December, 2017. In line with the requirements of International Standard on Auditing (ISA) 570 (Revised) Going Concern, we confirm as follows:

- i. The financial statements were prepared by management using the going concern basis of accounting, and management had neither intention nor need to reduce substantially its business operations or liquidate the entity, or to cease operations.
- ii. That we obtained sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about C and I Leasing Plc's ability to continue as a going concern.

Based on our audit, we conclude that, as at the date of the financial statements, there were no threats to Going Concern, and there was no material uncertainty about the ability of C and I Leasing Plc to continue in business in the foreseeable future. However, future events or conditions may cause the company to cease to continue as a going concern.

Yours faithfully,
For: **PKF Professional Services**


Najeeb Abdussalaam
Partner

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PKF Professional Services is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



Corporate Head Office

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APRIL 13, 2018

THE DIRECTOR GENERAL

Securities and Exchange Commission

SEC Tower

Plot 272 Samuel Adesujo Ademulegun Street

Central Business District

Abuja.

Dear Sir,

CONFIRMATION OF GOING CONCERN STATUS OF C AND I LEASING PLC

The Directors of C and I Leasing Plc ("C and I Leasing" or "the Company") are required to prepare financial statements at the end of each financial period which give a true and fair view of the state of affairs and the Company's profitability. They are also responsible for maintaining proper accounting records and taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are also responsible for selecting suitable accounting policies and applying them on a regular basis, making judgements and estimates that are prudent and reasonable.

The applicable International Financial Reporting Standards have been followed and C and I Leasing's financial statements are prepared using accounting policies which comply with generally accepted accounting standards in Nigeria, the Companies and Allied Matters Act, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors of C and I Leasing, having made appropriate enquiries, reviewed budgets, projected cash flows and other relevant information, consider that adequate resources will exist for the business to continue in operations for the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Yours faithfully,

C & I LEASING PLC

Managing Director
Andrew Otiye-Odibi

Company Secretary
G. Mbanugo Udenze

Directors: Chief Chukwuma H. Okolo (Chairman); Chukwuemeka E. Ndu (Vice Chairman); Andrew Otiye-Odibi (Managing Director/CEO);
O. I. Alao-Olafia (Non-Executive); J. Duru (Independent Non-Executive); O. L. Ademoso (Non-Executive); Jacob K. Khali (Ghanaian) (Non-Executive);
Patrick S. Ligboma (Non-Executive); Alex Mbakogu (Executive)



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SIAO/AU/EO/11300/18

2 May 2018

The Directors
C & I Leasing Plc
5, C&I Leasing Drive
Lekki Phase 1
Lagos.

The Directors
Planet Capital Limited
St. Peter's House
3, Ajele Street
Off Broad Street
Lagos Island
Lagos.

Gentlemen,

C & I LEASING PLC ISSUANCE OF N7BILLION SERIES 1 BOND ISSUE – REPORT ON THE FINANCIAL FORECAST


We have reviewed the accounting bases and assumptions for the Group Financial Forecast (Group Profit Forecast, Group Financial Position Forecast, and Group Cash-flow Forecast) of C&I Leasing Plc (for which the Directors are solely responsible) for the years ending 31 December 2018, 2019, 2020, 2021 and 2022.

In our opinion, the Group Financial Forecast so far as the group accounting bases and calculations are concerned, have been properly compiled on the footings of the assumptions made by the Directors and are presented on the bases consistent with the significant accounting policies normally adopted by the Group. We planned and performed the review to obtain moderate assurance as to whether the Group Forecast is free of material misstatement and have made the necessary adjustments to the Group Forecast where needed. These have been adopted and do not materially affect the projected performance of the Group.

However, there will usually be differences between forecasts and actual results, because events and circumstances frequently do not occur as expected and these differences may be material.

We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

Yours faithfully,


Abiodun Arayibi
FRC/2013/ICAN/00000001548
For: SIAO (Chartered Accountants)



Group Profit Forecast

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions, the Group profit before tax for the years ending 31 December 2018, 2019, 2020, 2021 and 2022 is expected to be in the order of ₦2.096bn, ₦2.823bn, ₦4.139bn, ₦6.621bn, and ₦8.785bn respectively as detailed below:

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	₦'000	₦'000	₦'000	₦'000	₦'000
Turnover	28,996,829	33,674,884	39,144,258	45,560,031	54,263,767
Turnover Change	↑31.7%	↑16.1%	↑16.2%	↑16.4%	↑19.1%
Cost of Sales	(16,648,995)	(19,107,760)	(22,332,453)	(26,193,991)	(31,316,667)
Gross Profit	12,347,834	14,567,124	16,811,804	19,366,041	22,947,101
Gross Margin	42.6%	43.3%	42.9%	42.5%	42.3%
Operating Expenses	(2,202,799)	(2,570,626)	(2,939,919)	(3,360,999)	(3,923,651)
EBITDA	10,145,035	11,996,498	13,871,885	16,005,042	19,023,450
EBITDA Margin	35.0%	35.6%	35.4%	35.1%	35.1%
Depreciation/Amortisation	(3,101,026)	(4,539,600)	(5,611,485)	(5,789,008)	(7,151,846)
EBIT	7,044,008	7,456,898	8,260,400	10,216,033	11,871,604
EBIT Margin	24.3%	22.1%	21.1%	22.4%	21.9%
Interest Expense	(4,947,010)	(4,633,483)	(4,121,626)	(3,595,145)	(3,086,263)
Profit Before Tax	2,096,999	2,823,415	4,138,774	6,620,888	8,785,340
Tax Paid (@ 30%)	(629,100)	(847,024)	(1,241,632)	(1,986,266)	(2,635,602)
Retained Earnings	1,467,899	1,976,390	2,897,142	4,634,622	6,149,738
Retained Earnings Brought Forward	1,853,810	3,021,709	4,638,100	7,115,242	11,269,863
Dividend Paid	(300,000)	(360,000)	(420,000)	(480,000)	(540,000)
Retained Earnings Carried Forward	3,021,709	4,638,100	7,115,242	11,269,863	16,879,602
Forecast Ratios:					
Earnings Per Share (<i>kobo</i>)	49	66	97	154	205
Dividend Per Share (<i>kobo</i>)	10	12	14	16	18
Market Price Per Share (<i>kobo</i>)	166	166	166	166	166
Price Earnings Ratio (%)	339	252	172	107	81
Dividend Yield (%)	6	7	8	10	11

Forecast earnings and dividend per share for the years ending 31 December 2018, 2019, 2020, 2021 and 2022 are based on 3,000,000,000 issued and fully-paid ordinary shares of 50k each effective from 2018 financial year.

Group Financial Position Forecast

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions, the shareholders' fund/net assets for the years ending 2018, 2019, 2020, 2021 and 2022 is expected to be in the order of ₦10.271bn, ₦11.888bn, ₦14.365bn, ₦18.519bn and ₦24.129bn respectively as detailed below:

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash & Balances With Banks	2,311,359	4,078,097	4,653,010	6,192,930	6,370,768
Loans & Receivables	317,387	305,936	280,555	259,240	237,372
Trade Receivables	3,914,954	1,366,950	2,896,573	1,771,918	2,008,140
Finance Lease Receivables	3,186,006	1,252,273	2,494,830	1,473,670	3,135,126
Available For Sale Assets	22,414	22,414	22,414	22,414	22,414
Other Assets	4,562,208	1,751,473	1,374,433	1,098,848	1,955,140
Inventories	877,580	903,355	976,283	1,114,532	1,415,428
Operating Lease Assets	27,446,727	30,082,602	26,508,686	28,267,785	27,192,279
Property, Plant & Equipment	1,407,754	3,144,798	3,556,175	3,046,986	2,433,425
Deferred Income Tax Assets	854,607	854,607	854,607	854,607	854,607
Total Assets	44,900,997	43,762,505	43,617,567	44,102,929	45,624,699
Liabilities					
Balances Due To Banks	995,221	3,751,374	3,158,348	5,288,375	4,773,412
Borrowings	26,021,137	22,597,212	19,489,817	16,456,988	13,664,774
Trade Payables	7,005,772	4,993,758	6,149,194	3,506,685	2,808,073
Other Liabilities	607,670	532,574	455,478	331,529	249,350
Total Liabilities	34,629,800	31,874,917	29,252,837	25,583,577	21,495,609
Equity					
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Share Premium	679,526	679,526	679,526	679,526	679,526
Statutory Reserve	1,435,240	1,435,240	1,435,240	1,435,240	1,435,240
Statutory Credit Reserve	627,281	627,281	627,281	627,281	627,281
Retained Earnings	3,021,709	4,638,100	7,115,242	11,269,863	16,879,602
Excess on Share Reconstruction	2,364,538	2,364,538	2,364,538	2,364,538	2,364,538
AFS Fair Value Reserve	(848)	(848)	(848)	(848)	(848)
Revaluation Reserve	643,751	643,751	643,751	643,751	643,751
	10,271,197	11,887,588	14,364,730	18,519,351	24,129,090
Non-controlling interest	-	-	-	-	-
Net Assets	10,271,197	11,887,588	14,364,730	18,519,351	24,129,090
Total Liabilities & Equity	44,900,997	43,762,505	43,617,567	44,102,928	45,624,699

Group Statement of Cash-flow

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions, the Group Cash & Cash equivalent for the years ending 2018, 2019, 2020, 2021 and 2022 is expected to be in the order of ₦1.316bn, ₦0.327bn, ₦1.495bn, ₦0.905bn and ₦1.597bn respectively as detailed below:

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	₦'000	₦'000	₦'000	₦'000	₦'000
Operating Activities					
EBITDA	10,145,035	11,996,498	13,871,885	16,005,042	19,023,450
Changes in Operating Assets/(Liabilities)					
Loans & Receivables	9,003	11,451	25,381	21,316	21,867
Trade Receivables	1,630,128	2,548,004	(1,529,623)	1,124,656	(236,222)
Finance Lease Receivables	(1,499,161)	1,933,733	(1,242,557)	1,021,160	(1,661,457)
Other Assets	176,595	2,810,735	377,040	275,585	(856,292)
Inventories	31,369	(25,775)	(72,928)	(138,248)	(300,897)
Trade Payables	(78,430)	(2,012,014)	1,155,437	(2,642,509)	(698,613)
Other Liabilities	(11,675)	(75,096)	(77,096)	(123,949)	(82,179)
Tax Paid	(629,100)	(847,024)	(1,241,632)	(1,986,266)	(2,635,602)
Cash from/(used in) Operations	9,773,763	16,340,511	11,265,907	13,556,785	12,574,056
Investing Activities					
Purchase of Fixed/Leased Assets	(2,658,354)	(8,912,519)	(2,448,947)	(7,038,917)	(5,462,780)
Cash from/(used in) Investing	(2,658,354)	(8,912,519)	(2,448,947)	(7,038,917)	(5,462,780)
Financing Activities					
New Equity	711,821	-	-	-	-
New Debt	7,000,000	-	-	-	-
Dividend Paid	(300,000)	(360,000)	(420,000)	(480,000)	(540,000)
Principal Repayment	(8,383,610)	(3,423,925)	(3,107,395)	(3,032,829)	(2,792,213)
Interest Paid	(4,947,010)	(4,633,483)	(4,121,626)	(3,595,145)	(3,086,263)
Cash from/(used in) Financing	(5,918,800)	(8,417,408)	(7,649,021)	(7,107,974)	(6,418,477)
Net Increase/(Decrease) in Cash & Cash Equivalent	1,196,609	(989,416)	1,167,939	(590,106)	692,799
Cash & Cash Equivalent at the Beginning	119,530	1,316,139	326,723	1,494,662	904,555
Cash & Cash Equivalent at the End	1,316,139	326,723	1,494,662	904,555	1,597,355

Group Bases and Assumptions

The Group Forecast has been arrived at on the following bases and assumptions:

Bases

- (i) Previous year's actual performances have been reviewed as the basis for measuring the reasonableness of the group forecasts for the financial years ending 31 December 2018, 2019, 2020, 2021 and 2022.
- (ii) The group forecast for the years ending 31 December 2018, 2019, 2020, 2021 and 2022 have been prepared on the basis consistent with the accounting policies normally adopted by the Group.

Assumptions

a. Gross Earnings

Gross Earnings is assumed to grow in the region of 39%, 12%, 16%, 18% and 20% for the years ending 31 December 2018, 2019, 2020, 2021 and 2022 respectively.

b. Gross Margin

This is estimated to be approximately 29%, 29%, 30%, 30% and 31% of gross earnings during the period ending 31 December 2018, 2019, 2020, 2021 and 2022 respectively.

c. Earnings before Interest and Tax (EBIT) Margin

EBIT margin is anticipated to be 21%, 22%, 23%, 24% and 24% of gross earnings for the years ending 31 December 2018, 2019, 2020, 2021 and 2022 respectively.

d. Interest Rate

Interest rate is assumed to be at 25% per annum.

e. Taxation

The Group assumes an effective tax rate of 30% for the forecast period.

f. Dividend

The Group assumes a 10k dividend payout for 2018 and subsequent growth of 2k in every year till 2022.

g. Capital and Reserves

- a. In line with the resolution passed at the extraordinary general meeting in December 2017, the company's share would be reconstructed and consolidated on the basis of one new share for every four shares currently held in year 2018.
- b. We have also assumed full conversion of ₦2,344,212,377 deposit for share held in the account to ordinary share capital in year 2018.
- c. New issue of ordinary share capital amounting to ₦711,820,60.25 is assumed in year 2018.
- d. We have estimated a surplus of ₦2,364,538,196.25 on share reconstruction exercise.
- e. An appropriation of 30% of profit after tax is made if the statutory reserves is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up capital.

h. Customer

The Group will continue to enjoy the patronage of both present and potential customers.

i. Bond Issuance

It is assumed that the Bond would be fully subscribed.

j. Use of Proceeds

Proceeds from the bond will be utilized to:

- Refinance some existing bank and commercial paper debts;
- Finance business expansion in marine and fleet management; and
- Enhancement of working capital requirements of the Company.

k. Management

The quality of the Group's Management will be sustained during the forecast period.

l. Contingent Liabilities

There will be no litigation or other contingent liabilities that will adversely affect the operations of the Group.

m. Inflation

Inflation is expected to grow annually at 16% during the forecast period.

n. Exchange Rate

The naira is expected to exchange for the US Dollar at the official rate of ₦330:\$1 throughout the forecast period.

o. Political Factors

We have assumed that there will be no major changes in Government policies that will adversely affect the operations of the Group during the forecast period.



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SIAO/AU/EO/11301/18

2 May 2018

The Directors
C & I Leasing Plc
5, C&I Leasing Drive
Lekki Phase 1
Lagos.

The Directors
Planet Capital Limited
St. Peter's House
3, Ajele Street
Off Broad Street
Lagos Island
Lagos.

Gentlemen,

C & I LEASING PLC ISSUANCE OF N7BILLION SERIES 1 BOND ISSUE – REPORT ON THE HISTORICAL FINANCIAL STATEMENTS

The financial information is based on the Group's five years audited financial statements for the years ended 31 December 2017, 2016, 2015, 2014 and 2013. The financial statements have been prepared in accordance with the Group Accounting Policies set out on pages 8 – 24. The Group financial statements on which the financial information is based are the responsibilities of the Directors of the Group who approved their issue. The Directors of the Group are responsible for the contents of the Prospectus in which this report is included.

Our review of the Group financial statements has been limited primarily to the working papers of the External Auditors, PKF, for the years ended 31 December 2017, 2016, 2015, 2014 and 2013 and enquiries of the Group's personnel and analytical procedures applied to the group financial data. We have not performed an audit and thus our assignment provides less assurance than an audit: as such we are not expressing an audit opinion.

Our review was conducted in accordance with International Auditing Standards applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the group financial statements are free of material misstatement. As stated earlier, we have not performed an audit and, accordingly we do not express an audit opinion.

In our opinion, the Group Financial Statements prepared on the basis of accounting policies normally adopted by the Group give a true and fair view of the state of affairs of **C&I Leasing Plc** and its subsidiaries (together, the Group) for each of the years ended 31 December 2017, 2016, 2015, 2014 and 2013.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,


Abiodun Atiyibi
FRC/2013/ICAN/00000001548
For: SIAO (Chartered Accountants)



C & I LEASING PLC						
CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
AS AT 31 DECEMBER 2017						
		Group				
	Notes	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Assets						
Cash and balances with banks	10	1,239,836	983,183	1,417,825	1,470,072	979,909
Loans and receivables	11	351,957	226,512	471,528	743,985	819,485
Trade receivables	12	6,584,292	6,056,406	6,542,523	12,018	17,219
Finance lease receivables	13	1,515,030	1,728,632	2,433,283	2,492,275	3,295,079
Available-for-sale assets	14.1	26,180	20,044	15,379	15,729	25,282
Investment in joint ventures	16	52,634	-	-	-	-
Other assets	17	5,021,348	3,745,527	160,990	4,041,864	2,833,616
Inventories	18	512,379	704,737	431,200	573,709	833,054
Operating lease assets	19	27,167,387	22,521,767	15,475,375	11,730,045	8,248,911
Property, plant and equipment	20	1,584,522	1,479,740	1,418,287	1,231,116	1,139,621
Intangible assets	21	15,955	27,631	34,321	145,365	33,187
Current income tax assets	25.3	55,178	26,556	22,699	12,897	373
Deferred income tax assets	25.4	854,607	850,965	854,607	864,951	884,244
Total assets		44,981,305	38,371,700	29,278,017	23,334,026	19,109,980
Liabilities						
Balances due to banks	22	1,120,306	910,963	718,804	579,861	639,306
Commercial notes	23	9,672,506	7,060,371	5,598,090	4,926,881	2,974,143
Trade and other payables	24	6,621,125	5,300,648	3,261,843	2,004,314	2,427,589
Current income tax liability	25.2	151,314	208,690	570,514	437,215	403,992
Borrowings	26	18,125,421	16,699,543	13,356,957	9,663,465	7,654,602
Retirement benefit obligations	27	33,899	37,024	47,989	35,238	24,288
Deferred income tax liability	25.5	168,082	167,732	141,125	107,409	62,802
Total liabilities		35,892,653	30,384,971	23,695,322	17,754,383	14,186,722
Equity						
Share capital	28.2	808,505	808,505	808,505	808,505	808,505
Share premium	28.3	679,526	679,526	679,526	679,526	679,526
Deposit for shares	29	2,283,312	2,466,012	2,453,528	2,091,430	1,937,850
Statutory reserve	30	1,121,580	1,039,228	829,325	722,521	572,935
Statutory credit reserve	31	160,600	626,343	613,725	262,799	48,447
Retained earnings	32	1,936,142	397,845	(168,781)	161,477	310,674
Foreign currency translation reserve	33	1,126,805	1,097,318	(393,369)	204,342	30,327
AFS fair value reserve	34	5,288	(848)	(5,513)	(5,163)	4,394
Revaluation reserve	35	683,400	643,246	581,094	484,903	395,882
		8,805,158	7,757,175	5,398,040	5,410,340	4,788,540
Non-controlling interest	36	283,494	229,555	184,656	169,303	134,718
Total equity		9,088,652	7,986,729	5,582,695	5,579,643	4,923,258
Total liabilities and equity		44,981,305	38,371,700	29,278,017	23,334,026	19,109,980
The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.						

CONSOLIDATED STATEMENT OF PROFIT OR LOSS							
FOR THE YEAR ENDED 31 DECEMBER 2017							
		Group					
		2017	2016	2015	2014	2013	
	Notes	N'000	c	N'000	N'000	N'000	
Gross earnings		21,371,697		17,015,799	14,577,657	13,883,942	12,299,459
Lease income	39	13,972,951		9,110,756	8,177,053	7,680,762	5,889,102
Lease Expense	47	(4,861,802)		(2,741,266)	(2,193,854)	(1,761,871)	(1,522,588)
Net lease income		9,111,149		6,369,490	5,983,199	5,918,891	4,366,514
Outsourcing income	41	6,230,228		5,897,682	5,509,121	4,987,412	4,553,800
Outsourcing expenses	41	(5,525,571)		(5,179,863)	(4,821,896)	(4,353,276)	(3,568,317)
Net outsourcing income		704,657		717,819	687,225	634,136	985,483
Vehicle sales and repairs	43	-		386,584	259,185	495,626	1,261,203
Cost of sales and repairs	43.1	-		(345,959)	(210,888)	(390,535)	(880,626)
Net income from vehicle sales		-		40,625	48,297	105,091	380,577
Tracking income	44	195,660		388,880	130,594	50,389	92,158
Tracking expenses	44	(72,591)		(287,233)	(31,361)	(16,724)	(72,715)
Net tracking income		123,069		101,647	99,233	33,665	19,443
Interest income	45	60,285		8,927	20,391	270,467	22,431
Other operating income	46	876,748		1,222,970	481,313	399,286	480,765
Finance Cost	40	(3,500,610)		(2,750,118)	(2,681,670)	(3,271,417)	(2,523,022)
		7,375,298		5,711,360	4,637,988	4,090,119	3,732,191
Impairment charge	38	(235,325)		(604,798)	(130,020)	4,090,119	3,732,191
Depreciation expense	48	(3,037,925)		(2,147,560)	(1,968,852)	(78,917)	(2,358)
Personnel expenses	49	(1,227,219)		(788,638)	(762,388)	(1,595,648)	(1,361,117)
Distribution expenses	50	(42,183)		(20,663)	(13,479)	(713,699)	(753,752)
Other operating expenses	51	(1,496,847)		(1,113,477)	(1,297,610)	(58,596)	(164,918)
Share of gain from joint venture	16	20,531		-	-	-	-
Profit on continuing operations		1,356,330		1,036,224	465,639	411,806	304,523
Income tax expense	25.1	(162,783)		(115,357)	(198,170)	(263,554)	(171,355)
Continued operations							
Profit for the year		1,193,547		920,867	267,469	148,252	133,168
Profit for the year from discontinued	42	15,294		-	-	139,426	-
Profit after tax and discontinued		1,208,841		920,867	267,469	287,678	133,168
Profit attributable to:							
Owners of the parent		1,154,907		875,968	252,117	281,774	151,184
Non-controlling interests		53,934		44,899	15,353	5,904	(18,016)
		1,208,841		920,867	267,469	287,678	133,168

CONSOLIDATED STATEMENT OF PROFIT OR LOSS						
FOR THE YEAR ENDED 31 DECEMBER 2017						
		Group				
		2017	2016	2015	2014	2013
	Notes	N'000	N'000	N'000	N'000	N'000
Other comprehensive income						
Items that will be subsequently reclassified to profit or loss						
Exchange difference on translation of foreign operations		29,487	1,490,686	(597,711)	174,015	(70,304)
Net gain on available-for-sale financial assets		6,136	4,665	(350)	(9,557)	884
Items that will not be reclassified to profit or loss						
Surplus on revaluation of property, plant and equipment		40,154	62,657	96,191	89,021	152,042
Other comprehensive income (net of tax)		75,777	1,558,008	(501,870)	253,479	82,622
Total comprehensive income (net of tax)		1,284,618	2,478,875	(234,401)	541,157	215,790
Attributable to:						
Owners of the parent		1,230,684	2,433,976	(246,116)	533,336	237,652
Non-controlling interest		53,934	44,899	11,715	7,821	(21,862)
		1,284,618	2,478,875	(234,401)	541,157	215,790
The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.						

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
FOR THE YEAR ENDED 31 DECEMBER 2017											
Group	Share capital N'000	Share premium N'000	Deposit for shares N'000	Statutory reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Non-controlling interest N'000	Total equity N'000
At 1 January 2013	808,505	679,526	1,951,350	460,532	16,648	336,032	100,631	3,510	243,840	152,734	4,753,308
Changes in equity for the year ended 31 December 2013											
Profit for the year	-	-	-	-	-	151,184	-	-	-	(18,016)	133,168
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
Loss on foreign currency translation	-	-	-	-	-	-	(70,304)	-	-	-	(70,304)
Total comprehensive income for the year ended 31 December 2013	-	-	-	-	-	151,184	(70,304)	884	152,042	(18,016)	215,790
Transactions with owners											
Transfer between reserves	-	-	-	112,403	31,799	(144,202)	-	-	-	-	-
Deposit for future subscription of shares	-	-	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	(32,340)	-	-	-	-	(32,340)
Exchange difference on conversion of deposit for shares	-	-	(13,500)	-	-	-	-	-	-	-	(13,500)
Total transactions with owners	-	-	(13,500)	112,403	31,799	(176,542)	-	-	-	-	(45,840)
At 31 December 2013	808,505	679,526	1,937,850	572,935	48,447	310,674	30,327	4,394	395,882	134,718	4,923,258
1 January 2014	808,505	679,526	1,937,850	572,935	48,447	310,674	30,327	4,394	395,882	134,718	4,923,258

Total comprehensive income for the year ended 31 December 2014	-	-	-	252,117	(597,711)	(350)	96,191	15,353	(234,401)
Transactions with owners	-	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	106,804	350,926	(457,730)	-	-	-	-
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	362,098
Discontinued operations	-	-	-	-	-	-	-	-	-
Shares issued by subsidiary	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	(124,645)	-	-	-	-	(124,645)
Total transactions with owners	-	-	106,804	350,926	(582,375)	-	-	-	237,453
At 31 December 2015	808,505	679,526	829,325	613,725	(393,369)	(5,513)	581,094	184,656	5,582,695
At 1 January 2016	808,505	679,526	829,325	613,725	(393,369)	(5,513)	581,094	184,656	5,582,695
Changes in equity for the year									
Profit for the year	-	-	-	875,968	-	-	-	44,899	920,867
Other comprehensive income									
Fair value changes on available for sale financial assets	-	-	-	-	-	4,665	-	-	4,665
Surplus on revaluation of property, plant and equipment	-	-	-	(3,888)	-	-	62,152	-	62,152
Loss on foreign currency translation	-	-	-	(3,888)	1,490,687	-	-	-	1,486,799
Total comprehensive income for the year ended 31 December 2016	-	-	-	(3,888)	1,490,687	4,665	62,152	44,899	2,474,483
Transactions with owners									
Transfer between reserves	-	-	209,903	16,506	(226,409)	-	-	-	-
Dividend paid during the year	-	-	-	-	(82,933)	-	-	-	(82,933)
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	12,484
Total transactions with owners	-	-	209,903	16,506	(309,342)	-	-	-	(70,449)
At 31 December 2016	808,505	679,526	1,039,228	626,343	1,097,318	(848)	643,246	229,555	7,986,729
At 1 January 2017	808,505	679,526	1,039,228	626,343	1,097,318	(848)	643,246	229,555	7,986,729
Changes in equity for the year									

Profit for the year	-	-	-	-	1,154,907	-	-	-	-	53,934	1,208,841
Other comprehensive income											
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	6,136	-	-	6,136
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	40,154	-	40,154
Gain on foreign operations translation	-	-	-	-	-	-	29,487	-	-	-	29,487
Total comprehensive income for the year	-	-	-	-	1,154,907	-	-	6,136	40,154	53,934	1,284,618
Transactions with owners											
Transfer between reserves	-	-	-	82,352	(465,743)	383,391	-	-	-	-	-
Exchange difference on conversion of deposit for shares	-	(182,700)	-	-	-	-	-	-	-	-	(182,700)
	-	(182,700)	-	82,352	(465,743)	383,391	-	-	-	-	(182,700)
At 31 December 2017	808,505	679,526	2,283,312	1,121,580	160,600	1,936,142	1,126,805	5,288	683,400	283,494	9,088,652

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

CONSOLIDATED STATEMENT OF CASH FLOWS						
FOR THE YEAR ENDED 31 DECEMBER 2017						
		Group				
		2017	2016	2015	2014	2013
	Notes	N'000	N'000	N'000	N'000	N'000
Cash flows from operating activities						
Cash flows generated from operating activities	52	2,219,608	230,631	(126,707)	1,854,135	1,462,614
Lease income		13,972,952	9,057,602	8,177,053	7,680,762	5,889,102
Outsourcing income		6,230,228	5,897,682	5,509,121	4,987,412	4,553,800
Interest income received		60,284	8,927	20,391	270,467	22,431
Vehicle sales income		-	386,584	259,185	495,626	1,261,203
Tracking and tagging income		195,660	388,880	99,233	33,665	19,443
Other income received		1,456,739	(137,344)	134,060	88,279	251,405
Investment income received		2,634	7,125	108,171	1,367	-
Retirement benefit obligations paid		(711,950)	(680,474)	(207,546)	(199,570)	(560,427)
Cash payment to employees and suppliers		(13,343,517)	(10,169,188)	(9,456,443)	(10,008,359)	(8,164,973)
Income tax paid		(128,325)	(394,892)	(40,957)	(21,514)	(11,976)
Net cash provided by operating activities		9,954,313	4,595,532	4,475,561	5,182,270	4,722,622
Cash flows from investing activities						
Proceeds from sale of operating lease assets		40,402	121,681	217,476	262,786	90,055
Proceeds from sale of Property, Plant and Equipment		89,852	4,877	61,359	141,224	3,020
Purchase of operating lease assets	19	(7,762,176)	(5,741,808)	(5,300,265)	(4,943,010)	(2,189,867)
Purchase of property, plant and equipment	20	(223,507)	(95,391)	(262,652)	(149,794)	(73,929)
Operating lease assets transferred						127,674
Acquisition of intangible assets	21	(6,329)	(21,231)	(9,556)	(122,795)	(33,187)
Net cash flow from discontinued operations					(601)	-
Net cash used in investing activities		(7,861,758)	(5,731,872)	(5,293,638)	(4,812,190)	(2,076,234)
Cash flows from financing activities						
Dividend paid		-	(82,930)	(124,645)	(63,167)	(32,340)
Finance Cost		(3,500,610)	(2,750,118)	(2,193,854)	(1,761,871)	(1,522,588)
Proceeds from borrowings		2,344,528	3,342,586	4,889,986	3,639,454	1,503,447
Repayment of borrowings		(918,650)	-	(1,944,599)	(1,681,689)	(1,815,877)
Non-controlling Interest in increase in share capital		-	-	-	46,802	
Net cash used in financing activities		(2,074,732)	509,538	626,888	179,529	(1,867,358)
Increase/(decrease) in cash and cash equivalents		17,823	(626,802)	(191,189)	549,609	779,030
Cash and cash equivalents at the beginning of the year		72,220	699,022	890,212	340,603	(438,427)
Effect of exchange rate fluctuations		29,487	-			
Cash and cash equivalents at the end of the year	37	119,530	72,220	699,022	890,212	340,603

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

1. The reporting entity

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

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

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

The principal activities of the Group are provision of equipment leasing, logistics solution in the form of car and marine vessel rentals, fleet management and automobile distribution through its main operating entity and its subsidiaries. These consolidated financial statements cover the financial year from 1 January 2017 to 31 December 2017.

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

2. Basis of preparation

2.1 Statement of compliance with IFRSs

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

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

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

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

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

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

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

2.5 Summary of Standards and Interpretations effective for the first time

a Amendments to IFRS 12 Disclosure of Interests in Other Entities

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

b Amendments to IFRS for SMEs

Three amendments are however of larger impact:

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

c Amendments to IAS 7 Statement of Cash Flows

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

d Amendments to IAS 12 Income Taxes

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

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

2.6 New standards, amendments and interpretations issued but not yet effective

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

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

a Amendments to IFRS 12 Disclosure of Interests in Other Entities

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

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

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- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

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

a Amendments to IFRS 2 Share-based Payment

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

b Amendments to IFRS 4 Insurance Contracts

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

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

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

c Amendments to IFRS 15 'Revenue from Contracts with Customers

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

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

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

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

d Amendments to IFRS 9 Financial Instruments

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

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

e Amendments to IAS 40 Investment Property

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

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

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

g Amendments to IAS 28 Investments in Associates and Joint Ventures

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

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

a IFRS 16 'Leases'

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

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
 - a) IAS 17 Leases;
 - b) IFRIC 4 Determining whether an Arrangement contains a Lease;
 - c) SIC-15 Operating Leases – Incentives; and
 - d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

a Amendments to IFRS 9 Financial Instruments

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

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

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

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

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

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

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

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

3. Summary of significant accounting policies

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

3.1 Investments in subsidiaries

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

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

Control is usually present when an entity has:

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

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

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

3.2 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the 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 statement of profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in statement of profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

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

3.5.2 Intangible assets generated internally

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

- It is technically feasible to complete the asset for use by the Group
- The Group has the intention of completing the asset for either use or resale
- The Group has the ability to either use or sell the asset
- It is possible to estimate how the asset will generate income
- The Group has adequate financial, technical and other resources to develop and use the asset
- The expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit or loss in the period in which they are incurred.

The intangible assets have a useful life of 1 - 3 years.

3.6 Property, plant and equipment

3.6.1 Initial recognition

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

3.6.2 Subsequent costs

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

3.6.3 Depreciation

Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work-in-progress) are not depreciated.

Depreciation on property, plant and equipment and operating lease assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

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

3.6.4 Derecognition

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

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

3.6.5 Reclassifications

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

3.7 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property. Investment property comprises freehold land and building and is recognised at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the statement of profit or loss.

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

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

3.8 **Discontinued operations and non-current assets held for sale**

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

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

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

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

3.9 **Inventories**

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

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

3.10 **Impairment of non-financial assets**

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

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

3.11. Financial instruments

3.11.1 Financial assets

i. Classification

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

3.11.1.1 Financial assets at fair value through profit or loss

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

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

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

3.11.1.2 Loans and receivables

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

3.11.1.3 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- Those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the statement of profit or loss and are reported as 'Interest income'. In the case of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the statement of profit or loss as 'Net gains/(losses) on investment securities'.

3.11.1.4 Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

ii. Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, except when there is insufficient information at transition date, when it is carried at book values.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

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

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

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

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

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

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

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

Reclassifications

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

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

iv. Derecognition

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

3.11.2 Financial liabilities

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

3.11.2.1 Interest-bearing borrowings

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

3.11.3 Impairment of financial assets

3.11.3.1 Financial assets carried at amortised cost

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

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

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

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

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

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

3.11.3.2 **Assets classified as available-for-sale**

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

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

3.11.4 **Offsetting financial instruments**

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

3.12 **Trade and other receivables**

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as 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 short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

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

3.14 **Leases**

Leases are divided into finance leases and operating leases.

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

3.14.1 **The Group is the lessor**

3.14.1.1 **Operating leases**

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

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

3.14.1.2 **Finance leases**

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

3.14.2 **The Group is the lessee**

3.14.2.1 **Finance leases**

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

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

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

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

3.14.2.2 Operating leases

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

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

3.15 Trade and other payables

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

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

3.16 Borrowing costs

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

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

3.17 Retirement benefits

3.17.1 Defined contribution plan

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

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

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

3.17.2 Termination benefits

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

3.17.3 Short term employee benefits

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

3.18 Taxation

3.18.1 Current income tax

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

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

3.18.2 Deferred income tax

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

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

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

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

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

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

3.19 Provisions

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

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

3.19.1 Warranty

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

3.19.2 Restructuring

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

3.19.3 Onerous contract

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

3.20 Equity instruments

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

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

3.21 Compound financial instruments

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

3.22 Share-based payments

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

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

3.23 Revenue recognition

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

3.23.1 Income from operating leases

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

3.23.2 Income from finance leases

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

3.23.3 Personnel outsourcing income

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

3.23.4 Service charge income

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

- i. The amount of revenue can be measured reliably
- ii. It is probable that the economic benefits associated with the transaction will flow to the group
- iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably and
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3.23.5 Interest income

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

3.23.6 Rental income

Rental income is recognized on an accrued basis.

3.23.7 Realised gains and losses

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

3.24 Foreign currency translation

3.24.1 Foreign currency transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs; where those interest costs qualify for capitalization to assets under construction;
- Exchange differences on transactions entered into to hedge foreign currency risks;
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.24.2 Foreign operations

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

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

4. Segment reporting

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

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

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

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

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

5. Critical accounting estimates and judgement

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

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

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

5.1 Impairment of available-for-sale equity financial assets

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

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

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.2 Determination of impairment of non-financial assets

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

5.3 Depreciable life of property, plant and equipment

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

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6. Financial instruments and fair values

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

6.1 Classes of financial instruments

Group	Financial assets			Financial liabilities		Total carrying amount N'000
	Fair value through profit or loss N'000	Loans and receivables N'000	Available-for-sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	
At 31 December 2017						
Assets						
Cash and balances with banks	1,239,836	-	-	-	-	1,239,836
Loans and receivables	-	351,957	-	-	-	351,957
Finance lease receivables	-	1,515,031	-	-	-	1,515,031
Available-for-sale assets	-	-	26,180	-	-	26,180
Trade and other receivables	-	6,584,292	-	-	-	6,584,292
Other assets	-	5,021,350	-	-	-	5,021,350
	1,239,836	13,472,629	26,180	-	-	14,738,644
Liabilities						
Balances due to banks	-	-	-	1,120,306	-	1,120,306
Borrowings	-	-	-	-	18,125,421	18,125,421
Trade payables	-	-	-	-	6,621,123	6,621,123
	-	-	-	1,120,306	24,746,545	25,866,850
At 31 December 2016						
Assets						
Cash and balances with banks	983,183	-	-	-	-	983,183
Loans and receivables	-	226,512	-	-	-	226,512
Finance lease receivables	-	1,728,632	-	-	-	1,728,632
Available-for-sale assets	-	-	20,044	-	-	20,044
Trade and other receivables	-	6,056,406	-	-	-	6,056,406
	983,183	8,011,550	20,044	-	-	9,014,777
Liabilities						
Balances due to banks	-	-	-	910,963	-	910,963
Borrowings	-	-	-	-	16,699,543	16,699,543
Trade and other payables	-	-	-	-	5,300,648	5,300,648
Other liabilities	-	-	-	-	-	-
	-	-	-	910,963	22,000,191	22,911,154

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Company

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

6.2 Fair valuation methods and assumptions

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

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

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

6.3 Fair value measurements recognised in the statement of financial position

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

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

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

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

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

7. Capital management

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

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

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

The Group's capital is divided into two tiers:

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

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

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

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

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

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8. Risk management framework

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

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

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

The Group's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arose from the Group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its 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, provider payments, operational expenses, capital management, investments, liquidity and credit.

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

8.1 Strategic risks

Capital management policies, objectives and approach.

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

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

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

8.2 Operational risks

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

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

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

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

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8.3 Financial risks

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

Credit risks
Liquidity risks
Market risks

8.3.1 Credit risks

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

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

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

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

Exposure to risk

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

	Group	
	2017 N'000	2016 N'000
Financial assets		
Cash and balances with banks	1,239,836	983,183
Loans and receivables	351,957	226,512
Finance lease receivables	1,515,031	1,728,632
Available-for-sale assets	26,180	20,044
Trade and other receivables	6,584,292	6,056,406
Other assets	5,021,350	3,745,527
	<u>14,738,644</u>	<u>12,760,304</u>
	Company	
	2017 N'000	2016 N'000
Financial assets		
Cash and balances with banks	466,607	255,259
Loans and receivables	334,507	226,512
Finance lease receivables	1,508,561	1,724,539
Available-for-sale assets	26,180	20,044
Trade and other receivables	5,302,008	4,856,191
Other assets	4,819,249	3,549,525
	<u>12,457,112</u>	<u>10,632,070</u>

8.3.2 Liquidity risks

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

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

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

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8.3.2 Liquidity risks

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

	Group		
	Current N'000	Non- current N'000	Total N'000
31 December 2017			
Balances due to banks	1,120,306	-	1,120,306
Borrowings	4,838,382	13,287,039	18,125,421
Trade and other payables	6,621,123	-	6,621,123
	<u>12,579,811</u>	<u>13,287,039</u>	<u>25,866,850</u>
31 December 2016			
Balances due to banks	910,963	-	910,963
Borrowings	4,499,285	12,200,257	16,699,542
Trade and other payables	5,300,648	-	5,300,648
	<u>10,710,896</u>	<u>12,200,257</u>	<u>22,911,153</u>
	Company		
	Current N'000	Non- current N'000	Total N'000
31 December 2017			
Balances due to banks	1,062,623	-	1,062,623
Borrowings	2,180,874	4,263,250	6,444,123
Other liabilities	5,957,997	-	5,957,997
	<u>9,201,494</u>	<u>4,263,250</u>	<u>13,464,743</u>
31 December 2016			
Balances due to banks	803,740	-	803,740
Borrowings	3,611,042	4,766,746	8,377,788
Trade and other payables	4,669,794	-	4,669,794
	<u>9,084,576</u>	<u>4,766,746</u>	<u>13,851,322</u>

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

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

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

8.3.3 Market risk

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

8.3.4 Currency risk

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

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

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

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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 Group's financial statements is considered positive because of the continuous increase and stability in value of equities in the past few years. All other gains and losses due to increase and decrease in market prices were recorded in the fair value reserve through statement of other comprehensive income.

9. Statement of prudential adjustment

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

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

- a. Provisions for loans recognised in the profit or loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:
 - Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained earnings account to a "statutory credit reserve."
 - Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of profit or loss. The cumulative balance in the statutory credit reserve is thereafter reversed to the retained earnings account.
- b. The non-distributable reserve should be classified under equity as part of the core capital.

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

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

	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Company					
Total IFRS impairment losses	812,191	1,493,735	858,466	729,229	796,318
Prudential provisions	(960,033)	(2,107,317)	(1,209,392)	(943,583)	(828,117)
Transfer to statutory credit reserve	(147,842)	(613,582)	(350,926)	(214,354)	(31,799)
Analysis of the IFRS impairment losses					
Finance lease receivables (Note 38.1)	15,821	17,419	19,385	21,208	49,474
Lease rental due (Note 38.1)	38,119	468,042	206,221	169,674	97,559
Loans and receivables (Note 38.1)	3,004	4,095	4,096	17,937	16,190
Trade and other receivables (Note 38.1)	703,175	1,004,176	628,764	520,410	633,095
Inventories	52,073	-	-	-	-
Total IFRS impairment losses	812,191	1,493,732	858,466	729,229	796,318
Finance lease receivables	15,238	19,485	19,385	21,209	49,474
Lease rental due	30,533	405,954	248,511	196,371	91,798
Loans and advances	2,423	4,447	4,447	16,962	43,259
Trade and other receivables	859,766	1,668,691	937,049	709,041	643,586
Inventories	52,073	8,740	-	-	-
Total prudential provision for losses	960,033	2,107,317	1,209,392	943,583	828,117
	Group				
	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
10. Cash and bank balances					
Cash in hand	15,662	10,359	3,477	605	951
Bank balances	1,224,174	312,613	998,290	867,480	978,958
Placement with banks	-	660,211	416,058	601,987	-
	1,239,836	983,183	1,417,825	1,470,072	979,909
11. Loans and receivables					
Lease rental due	342,709	607,033	660,187	875,892	881,271
Loans and advances	50,371	91,615	21,657	55,705	162,127
	393,080	698,648	681,844	931,597	1,043,398
Impairment allowance (Note 11.3)	(41,123)	(472,136)	(210,316)	(187,612)	(223,913)
	351,957	226,512	471,528	743,985	819,485
11.1 Analysis of loans and receivables by security					
Secured	-	-	-	-	-
Otherwise secured	393,080	698,648	681,844	931,597	1,043,398
	393,080	698,648	681,844	931,597	1,043,398
11.2 Loans and receivables are further analysed as follows:					
Less than one year	351,595	412,426	379,234	931,597	-
More than one year and less than five years	41,485	286,222	302,610	-	-
More than five years	-	-	-	-	-
	393,080	698,648	681,844	931,597	-

		Group				
		2017	2016	2015	2014	2013
		N'000	N'000			
11.3	Impairment allowance on loans and receivables					
	Lease rental due	38,118	468,041	206,221	169,674	155,398
	Loans and advances	3,005	4,095	4,095	17,938	68,515
		<u>41,123</u>	<u>472,136</u>	<u>210,316</u>	<u>187,612</u>	<u>223,913</u>
11.4	Analysis of impairment allowance - Lease rental due					
	Specific impairment	958	430,881	182,069	159,417	147,323
	Collective impairment	37,160	37,160	24,152	10,258	8,076
		<u>38,118</u>	<u>468,041</u>	<u>206,221</u>	<u>169,675</u>	<u>155,399</u>
11.4.1	Movement in impairment allowance - Lease rental due					
	At the beginning	468,042	206,221	169,674	155,398	182,480
	Charge for the year	19,104	261,821	36,547	72,115	40,610
	Written off	(449,028)	-	-	(57,839)	(67,692)
	At the end	<u>38,118</u>	<u>468,042</u>	<u>206,221</u>	<u>169,674</u>	<u>155,398</u>
11.5	Analysis of impairment allowance - Loans and advances					
	Specific impairment	3,005	4,095	4,095	14,987	66,128
	Collective impairment	-	-	-	2,951	2,387
		<u>3,005</u>	<u>4,095</u>	<u>4,095</u>	<u>17,938</u>	<u>68,515</u>
11.5.1	Movement in impairment allowance - Loans and advances					
	At the beginning	4,095	4,095	17,937	70,263	69,445
	Written off	(1,090)	-	(13,842)	(52,325)	(930)
	At the end	<u>3,005</u>	<u>4,095</u>	<u>4,095</u>	<u>17,938</u>	<u>68,515</u>
12.	Trade and other receivables					
	Trade receivables	16,805	32,816	45,839	20,545	22,339
	Operating lease service receivables	6,628,385	6,331,864	6,255,149	-	-
	Account receivables	642,277	695,904	900,766	-	-
		<u>7,287,467</u>	<u>7,060,584</u>	<u>7,201,754</u>	<u>20,545</u>	<u>22,339</u>
	Impairment allowance	(703,175)	(1,004,178)	(659,231)	(8,527)	(5,120)
		<u>6,584,292</u>	<u>6,056,406</u>	<u>6,542,523</u>	<u>12,018</u>	<u>17,219</u>
12.1	Amount due from related companies					
	Leasafic Ghana Limited	-	-	-	-	-
	EPIC International RZE, United Arab Emirates	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Impairment allowance	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12.2	Analysis of impairment allowance on trade & other receivables					
	Specific impairment	586,431	887,434	601,841	-	-
	Collective impairment	116,744	116,742	57,390	82,796	110,880
		<u>703,175</u>	<u>1,004,176</u>	<u>659,231</u>	<u>82,796</u>	<u>110,880</u>

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
12.2.1 Movement in impairment allowance on trade & other receivables					
At the beginning	1,004,178	550,876	550,876	68,515	49,689
Discontinued operations				(46,315)	-
Charge for the year	174,485	-	-	1,748	19,756
Write-off	(475,488)	453,302	-	(6,010)	-
At the end	703,175	1,004,178	550,876	17,938	69,445
13. Finance lease receivables					
Gross finance lease receivable	3,492,249	4,412,397	6,777,868	6,942,582	7,167,272
Unearned lease interest/maintenance	(1,961,981)	(2,666,346)	(4,272,190)	(4,367,511)	(3,761,313)
Net investment in finance lease	1,530,268	1,746,051	2,505,678	2,575,071	3,405,959
Impairment allowance (Note 13.4)	(15,238)	(17,419)	(72,395)	(82,796)	(110,880)
	1,515,030	1,728,632	2,433,283	2,492,275	3,295,079

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
13.2 The net investment in finance lease may be analysed as follows:					
Less than one year	1,193,574	1,445,226	2,080,289	2,137,901	1,244,123
More than one year and less than five years	336,694	300,825	425,389	437,170	2,161,836
More than five years	-	-	-	-	-
	1,530,268	1,746,051	2,505,678	2,575,071	3,405,959
13.3 Analysis into current portion and non-current portion					
Current portion	1,193,574	1,445,226	2,080,289	2,137,901	1,244,123
Non-current portion	336,694	300,825	425,389	437,170	2,161,836
	1,530,268	1,746,051	2,505,678	2,575,071	3,405,959
13.4 Analysis of impairment allowance - Finance lease receivables					
Specific impairment	-	-	-	-	-
Collective impairment	15,238	17,419	72,395	82,796	110,880
	15,238	17,419	72,395	82,796	110,880
13.4.1 Movement in impairment allowance - Finance lease receivables					
At the beginning	17,419	72,395	82,796	110,880	161,394
Provision no longer required	(1,598)	(1,966)	-	-	-
Written-off in the year	(583)	(53,010)	(621)	(28,084)	(50,514)
At the end	15,238	17,419	72,395	82,796	110,880

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		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
14.	Available-for-sale assets					
14.1	Listed and unlisted equities - at fair value					
	Diamond Bank Plc (GDR)	23,925	23,925	11,030	9,402	8,711
	First Bank of Nigeria Ltd	16,500	16,500	2,565	4,400	13,371
	Fidelity Bank Plc	12,000	12,000	1,784	1,927	3,200
		<u>52,425</u>	<u>52,425</u>	<u>15,379</u>	<u>15,729</u>	<u>25,282</u>
	Diminution (Note 14.2)	<u>(26,245)</u>	<u>(32,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>26,180</u></u>	<u><u>20,044</u></u>	<u><u>15,379</u></u>	<u><u>15,729</u></u>	<u><u>25,282</u></u>
14.2	Movement in diminution					
	At the beginning	32,381	-	-	-	-
	Charge/(write-back)	<u>(6,136)</u>	<u>32,381</u>	<u>-</u>	<u>-</u>	<u>-</u>
	At the end	<u><u>26,245</u></u>	<u><u>32,381</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
15.	Investment in subsidiaries					
	Leasafric Ghana Limited	-	-	-	-	-
	EPIC International FZE, United Arab Emirates	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.1 Subsidiary undertakings
All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of incorporation
Leasafric Ghana Limited (Note 15.1.1)	Leasing	Ghana
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.2)	Trading in ships and boats	United Arab Emirates

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15.2.1 Condensed results of consolidated entities

31 December 2017

	Parent - C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Condensed statement of profit or loss						
Gross earnings	16,314,946	3,801,857	2,775,324	22,892,128	(1,520,429)	21,371,699
Net operating income	3,888,934	2,231,469	1,254,897	7,375,300	-	7,375,300
Impairment charge	(235,325)	-	-	(235,325)	-	(235,325)
Depreciation expense	(807,288)	(1,451,762)	(759,342)	(3,018,392)	-	(3,018,392)
Personnel expenses	(888,043)	(339,175)	-	(1,227,219)	-	(1,227,219)
Distribution costs	(23,818)	(18,366)	-	(42,183)	-	(42,183)
Other operating expenses	(1,353,820)	(159,501)	(3,059)	(1,516,380)	-	(1,516,380)
Share of profit from joint venture	20,531	-	-	20,531	-	20,531
Profit from discontinued Operation	15,294	-	-	15,294	-	15,294
Profit before tax	616,465	262,665	492,496	1,371,626	-	1,371,626
Income tax expense	(70,949)	(91,834)	-	(162,783)	-	(162,783)
Profit after tax	545,516	170,831	492,496	1,208,843	-	1,208,843

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

31 December 2017

Condensed statement of financial position

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Assets						
Cash and balances with banks	466,607	655,172	118,057	1,239,836	-	1,239,836
Loans and receivables	334,507	17,450	-	351,957	-	351,957
Trade and other receivables	5,302,008	1,622,534	-	6,924,542	(340,250)	6,584,292
Due from related parties	8,685,454	-	(8,685,885)	(431)	431	-
Finance lease receivables	1,508,560	6,470	-	1,515,030	-	1,515,030
Available-for-sale financial assets	26,180	-	-	26,180	-	26,180
Investment in subsidiaries	758,967	-	-	758,967	(758,967)	-
Investment in joint ventures	52,634	-	-	52,634	-	52,634
Other assets	4,819,250	202,098	-	5,021,348	-	5,021,348
Inventory	512,378	-	-	512,378	-	512,378
Operating lease assets	4,764,100	3,037,244	19,366,044	27,167,388	-	27,167,388
Property, plant and equipment	1,186,743	397,779	-	1,584,522	-	1,584,522
Intangible assets	8,855	7,094	6	15,955	-	15,955
Current income tax assets	-	55,178	-	55,178	-	55,178
Deferred income tax assets	854,607	-	-	854,607	-	854,607
Total assets	29,280,850	6,001,019	10,798,222	46,080,091	(1,098,786)	44,981,305
Liabilities and equity						
Balances due to banks	1,062,622	57,684	-	1,120,306	-	1,120,306
Commercial notes	9,643,606	28,900	-	9,672,506	-	9,672,506
Trade and other payables	5,957,998	324,179	338,948	6,621,125	-	6,621,125
Current income tax liability	151,314	-	-	151,314	-	151,314
Borrowings	6,444,123	3,798,690	8,230,420	18,473,233	(347,812)	18,125,421
Retirement benefit obligations	33,899	-	-	33,899	-	33,899
Deferred income tax liability	-	168,082	-	168,082	-	168,082
Equity and reserves	5,987,288	1,623,482	2,228,855	9,839,625	(750,973)	9,088,652
Total liabilities and equity	29,280,850	6,001,017	10,798,223	46,080,090	(1,098,785)	44,981,305

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

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2016

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

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

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2016

Condensed statement of financial
position

	C&I Leasing Plc N'000	Leasafri Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Assets						
Cash and balances with banks	255,259	723,018	4,906	983,183	-	983,183
Loans and receivables	226,512	-	-	226,512	-	226,512
Trade and other receivables	16,527,685	1,187,326	(7,752,512)	9,962,499	175	9,962,674
Finance lease receivables	1,724,539	4,093	-	1,728,632	-	1,728,632
Available-for-sale financial assets	20,044	-	-	20,044	-	20,044
Investment in subsidiaries	758,967	-	-	758,967	(758,967)	-
Other assets	122,411	192,367	-	314,778	-	314,778
Inventories	229,219	-	-	229,219	-	229,219
Operating lease assets	5,124,241	2,902,504	14,495,022	22,521,767	-	22,521,767
Property, plant and equipment	1,144,951	334,788	-	1,479,739	-	1,479,739
Intangible assets	24,472	3,120	39	27,631	-	27,631
Current income tax assets	-	26,556	-	26,556	-	26,556
Deferred income tax assets	854,607	(3,642)	-	850,965	-	850,965
Total assets	27,012,907	5,370,130	6,747,455	39,130,492	(758,792)	38,371,700
Liabilities and equity						
Balance due to banks	803,740	107,223	-	910,963	-	910,963
Commercial notes	7,337,187	35,297	-	7,372,484	(312,113)	7,060,371
Borrowings	8,377,788	3,396,304	4,596,400	16,370,492	329,051	16,699,543
Trade and other payables	4,669,794	59,654	571,200	5,300,648	-	5,300,648
Current income tax liability	208,690	-	-	208,690	-	208,690
Retirement benefit obligations	37,024	-	-	37,024	-	37,024
Deferred income tax liability	-	167,731	-	167,731	-	167,731
Equity and reserves	5,578,683	1,603,923	1,579,855	8,762,461	(775,732)	7,986,729
Total liabilities and equity	27,012,906	5,370,132	6,747,455	39,130,493	(758,794)	38,371,700

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

		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
16	Investment accounted for using equity method - in Joint venture					
	Investment in Joint Venture					
	Sifax Logistics & Marine Service Ltd	Note 16.1	52,634	-	-	-
			<u>52,634</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Share of profit in Joint Venture					
	Sifax	Note 16.1	20,531	-	-	-
	Total (loss)/profit for the year		<u>20,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
16.1	Name	Proportion of interest of ownership	Principal activities			
	Investment in Sifax JV arrangement	50%	Provision of towage services			
	The Group entered into a joint venture arrangement with Sifax Logistics and Marine Services Limited to provide towage services in the entire Nigerian Port Authority (NPA) areas and coastal waters on the 14 June 2014, but effectively commenced operation during the year. Summarised financial information in respect of the Group's interest and transactions in the period in the joint venture is set out below:					
	Non-current assets					
	Construction of Vessel (WIP)		64,204	-	-	-
	Total Assets		<u>64,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Liabilities		-	-	-	-
	Net asset		64,204	-	-	-
	Profit for the year		41,063	-	-	-
	Total net assets		<u>105,267</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Gross revenue		146,781	-	-	-
	Total expenses		(105,719)	-	-	-
	Total Profit for the year		<u>41,062</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Proportion of the Group's ownership interest in the joint venture		50%	-	-	-
	Group's share of the profit in joint venture		<u>20,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Reconciliation					
	Total net assets of the joint venture		105,267	-	-	-
	Proportion of the Group's ownership interest in the joint venture		50%	-	-	-
	Carrying amount of the groups interest in the joint venture		<u>52,634</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
17. Other assets					
Prepayments	848,266	314,778	160,990	83,826	119,592
Operating lease service receivables	-	-	-	1,407,984	903,502
Finance lease in process	-	-	-	544,537	727,105
Account receivables	-	-	-	296,529	743,509
Withholding tax receivables	3,053,349	2,142,320	-	972,129	711,054
Consumables	-	-	-	14,828	15,938
Other debit balances	21,311	218,803	-	220,206	189,562
Advance payment for services	-	-	-	96,457	-
Insurance receivables	247,293	218,497	-	96,588	89,357
Deposit for investments	851,129	851,129	-	851,129	-
	-	-	-	(542,349)	(666,003)
	<u>5,021,348</u>	<u>3,745,527</u>	<u>160,990</u>	<u>4,041,864</u>	<u>2,833,616</u>
18. Inventories					
Motor vehicles	28,050	50,664	249,579	414,193	728,412
Tracking devices	421,798	57,376	62,992	30,466	23,031
Vehicle spare parts	101,198	129,918	127,369	129,050	79,598
Consumables	13,407	360,774	-	-	3,515
Goods in transit	-	114,744	-	-	-
	<u>564,453</u>	<u>713,476</u>	<u>439,940</u>	<u>573,709</u>	<u>834,556</u>
Inventory write-down (Note 18.1)	<u>(52,074)</u>	<u>(8,739)</u>	<u>(8,740)</u>	<u>-</u>	<u>(1,502)</u>
	<u>512,379</u>	<u>704,737</u>	<u>431,200</u>	<u>702,759</u>	<u>833,054</u>
18.1 Movement in impairment allowance					
At the beginning	8,739	-	-	1,502	1,502
Charge/(write-back) in the year	<u>43,335</u>	<u>8,739</u>	<u>(8,740)</u>	<u>(1,502)</u>	<u>-</u>
At the end	<u>52,074</u>	<u>8,739</u>	<u>(8,740)</u>	<u>-</u>	<u>1,502</u>

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19. Operating lease assets

Group	Autos and trucks	Office equipment	Marine equipment	Construction in progress	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 to own assets	-	-	-	(127,674)	-	(127,674)
Disposals in the year	(289,914)	-	-	-	-	(289,914)
Exchange difference	(184,164)	-	-	-	-	(184,164)
At 31 December 2013	<u>4,927,398</u>	<u>21,516</u>	<u>5,398,142</u>	<u>1,450,807</u>	<u>391,759</u>	<u>12,189,622</u>
At 1 January 2014	4,927,398	21,516	5,398,142	1,450,807	391,759	12,189,622
Additions	1,821,803	356	975,052	2,145,799	-	4,943,010
Transfer to own assets	-	-	1,450,807	(1,450,807)	-	-
Disposals in the year	(518,950)	-	(66,144)	-	(51,373)	(636,467)
Exchange difference	-	-	114,864	-	-	114,864
At 31 December 2014	<u>6,230,251</u>	<u>21,872</u>	<u>7,872,721</u>	<u>2,145,799</u>	<u>340,386</u>	<u>16,611,029</u>
At 1 January 2015	6,230,251	21,872	7,872,721	2,145,799	340,386	16,611,029
Additions	1,059,811	1,589	786,918	3,451,947	-	5,300,265
Transfer	-	-	2,145,799	(2,145,799)	-	-
Disposals in the year	(398,034)	-	-	-	-	(398,034)
Write-off	(83,484)	-	-	-	-	(83,484)
Exchange difference	-	-	309,630	-	-	309,630
At 31 December 2015	<u>6,808,544</u>	<u>23,461</u>	<u>11,115,068</u>	<u>3,451,947</u>	<u>340,386</u>	<u>21,739,406</u>
At 1 January 2016	6,808,544	23,461	11,115,068	3,451,947	340,386	21,739,406
Additions	1,999,549	6,601	564,744	3,106,932	63,982	5,741,808
Disposals	(424,545)	-	-	-	-	(424,545)
Exchange difference	770,358	(3)	3,538,239	(169,953)	(63,982)	4,074,659
At 31 December 2016	<u>9,153,906</u>	<u>30,059</u>	<u>15,218,051</u>	<u>6,388,926</u>	<u>340,386</u>	<u>31,131,328</u>
At 1 January 2017	9,153,906	30,059	15,218,051	6,388,926	340,386	31,131,328
Additions	1,833,581	3,754	5,903,841	-	21,000	7,762,176
Transfer of Asset	-	-	6,231,851	(6,231,851)	-	-
Transfer to Joint Venture	-	-	-	(64,204)	-	(64,204)
Disposal	(267,925)	-	-	-	-	(267,925)
Exchange difference	10,367	-	(184,353)	-	13,521	(160,465)
At 31 December 2017	<u>10,729,929</u>	<u>33,813</u>	<u>27,169,390</u>	<u>92,871</u>	<u>374,907</u>	<u>38,400,910</u>
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	<u>2,634,260</u>	<u>21,509</u>	<u>1,041,561</u>	<u>-</u>	<u>243,381</u>	<u>3,940,711</u>
At 1 January 2014	2,634,260	21,509	1,041,561	-	243,381	3,940,711
Charge for the year	1,095,709	6	371,847	-	18,081	1,485,643
Disposals in the year	(427,853)	-	(66,144)	-	(51,373)	(545,370)
At 31 December 2014	<u>3,302,116</u>	<u>21,515</u>	<u>1,347,264</u>	<u>-</u>	<u>210,089</u>	<u>4,880,984</u>

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19. Operating lease assets

Group	Autos and trucks	Office equipment	Marine equipment	Construction in progress	Cranes	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	3,302,116	21,515	1,347,264	-	210,089	4,880,984
Charge for the year	1,210,919	336	512,825	-	19,081	1,743,161
Disposals in the year	(360,114)	-	-	-	-	(360,114)
Exchange difference	-	-	-	-	-	-
At 31 December 2015	4,152,921	21,851	1,860,089	-	229,170	6,264,031
At 1 January 2016	4,152,921	21,851	1,860,089	-	229,170	6,264,031
Charge	1,436,169	875	753,713	-	73,539	2,264,296
Disposals	(371,072)	-	-	-	-	(371,072)
Exchange difference	309,110	-	198,982	-	(55,786)	452,306
At 31 December 2016	5,527,128	22,726	2,812,784	-	246,923	8,609,561
At 1 January 2016	5,527,128	22,726	2,812,784	-	246,923	8,609,561
Charge	1,678,537	2,289	1,169,286	-	18,664	2,868,776
Disposals	(227,523)	-	-	-	-	(227,523)
Exchange difference	2,385	(35)	(29,664)	-	10,023	(17,291)
At 31 December 2017	6,980,527	24,980	3,952,406	-	275,610	11,233,523
Carrying amount						
At 31 December 2013	2,293,138	7	4,356,581	1,450,807	148,378	8,248,911
At 31 December 2014	2,928,135	357	6,525,457	2,145,799	130,297	11,730,045
At 31 December 2015	2,655,623	1,610	9,254,979	3,451,947	111,216	15,475,375
At 31 December 2016	3,626,778	7,333	12,405,267	6,388,926	93,463	22,521,767
At 31 December 2017	3,749,402	8,833	23,216,984	92,871	99,297	27,167,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. Property, plant and equipment

	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost								
At 1 January 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
Disposals	(12,930)	-	-	-	-	-	-	(12,930)
Exchange difference	(2,479)	(40,965)	23,091	-	6,823	(13,493)	-	(27,023)
At 31 December, 2013	<u>386,875</u>	<u>56,777</u>	<u>311,663</u>	<u>57,641</u>	<u>409,156</u>	<u>548,488</u>	<u>21,239</u>	<u>1,791,839</u>
At 1 January 2014	386,875	56,777	311,663	57,641	409,156	548,488	21,239	1,791,839
Discontinued operations	(41,100)	(10,544)	(57,436)	-	-	-	-	(109,080)
Additions	79,125	7,415	45,907	1,628	2,508	-	13,211	149,794
Revaluation surplus	-	-	-	-	20,162	68,858	-	89,020
Disposal in the year	(10,721)	-	-	(5,000)	-	-	-	(15,721)
Exchange difference	-	6,233	1,354	-	-	-	-	7,587
At 31 December, 2014	<u>414,179</u>	<u>59,881</u>	<u>301,488</u>	<u>54,269</u>	<u>431,826</u>	<u>617,346</u>	<u>34,450</u>	<u>1,913,439</u>
At 1 January 2015	414,179	59,881	301,488	54,269	431,826	617,346	34,450	1,913,439
Additions	191,461	8,466	23,015	173	7,354	-	32,183	262,652
Revaluation surplus	-	-	-	-	36,192	59,999	-	96,191
Reclassification	-	-	-	-	(56,000)	-	56,000	-
Disposal in the year	(6,800)	-	-	(2,895)	-	-	-	(9,695)
Write-off	(33,831)	-	-	-	-	-	-	(33,831)
Exchange difference	-	(824)	(744)	-	-	-	(13,210)	(14,778)
At 31 December 2015	<u>565,009</u>	<u>67,523</u>	<u>323,759</u>	<u>51,547</u>	<u>419,372</u>	<u>677,345</u>	<u>109,423</u>	<u>2,213,978</u>
At 1 January 2016	565,009	67,523	323,759	51,547	419,372	677,345	109,423	2,213,978
Additions	90,996	6,926	26,622	5,821	2,580	7,313	-	140,258
Revaluation surplus	-	-	-	-	24,960	37,192	-	62,152
Transfer/reclassifications	-	-	(86)	-	-	-	(44,867)	(44,953)
Disposals	(21,140)	-	(362)	(19,327)	-	-	-	(40,829)
Exchange difference	93,778	8,086	14,662	-	2,505	9,235	12,683	140,949
At 31 December 2016	<u>728,643</u>	<u>82,535</u>	<u>364,595</u>	<u>38,041</u>	<u>449,417</u>	<u>731,085</u>	<u>77,239</u>	<u>2,471,555</u>
At 1 January 2017	728,643	82,535	364,595	38,041	449,417	731,085	77,239	2,471,555
Additions	146,568	2,497	27,836	10,555	-	36,055	-	223,511
Revaluation surplus	-	-	-	-	39,651	-	-	39,651
Transfer/reclassifications	-	-	-	-	-	-	-	-
Disposals	-	936	(69,086)	-	4,657	-	-	(63,493)
At 31 December 2017	<u>875,211</u>	<u>85,968</u>	<u>323,345</u>	<u>48,596</u>	<u>493,725</u>	<u>767,140</u>	<u>77,239</u>	<u>2,671,224</u>

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20. Property, plant and equipment (Cont'd)

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
At 1 January 2014	216,013	39,661	228,479	43,636	124,429	-	-	652,218
Discontinued operations	(38,688)	(7,589)	(41,397)	-	-	-	-	(87,674)
Charge for the year	56,610	7,774	31,441	4,452	9,320	-	-	109,597
Disposal in the year	(8,815)	-	-	(5,000)	-	-	-	(13,815)
Exchange difference	-	5,103	16,894	-	-	-	-	21,997
At 31 December 2014	225,120	44,949	235,417	43,088	133,749	-	-	682,323
At 1 January 2015	225,121	44,949	235,417	43,086	133,749	-	-	682,322
Discontinued operations	-	-	-	-	-	-	-	-
Charge for the year	80,572	6,439	24,077	3,667	5,615	-	-	120,370
Disposal in the year	(4,534)	-	-	(2,895)	-	-	-	(7,429)
Exchange difference	-	(931)	1,359	-	-	-	-	428
At 31 December 2015	301,159	50,457	260,853	43,858	139,364	-	-	795,691
At 1 January 2016	301,159	50,457	260,853	43,858	139,364	-	-	795,691
Charge	140,147	5,951	26,035	3,776	7,780	-	-	183,689
Disposals	(16,492)	-	(362)	(19,327)	-	-	-	(36,181)
Exchange difference	26,039	1,318	21,615	-	(356)	-	-	48,616
At 31 December 2016	450,853	57,726	308,141	28,307	146,788	-	-	991,815
At 1 January 2017	450,853	57,726	308,141	28,307	146,788	-	-	991,815
Charge	109,466	8,147	21,208	6,877	6,835	-	-	152,533
Disposals	-	(1,193)	(56,453)	-	-	-	-	(57,646)
At 31 December 2017	560,319	64,680	272,896	35,184	153,623	-	-	1,086,702
Carrying amount								
At 31 December 2013	170,862	17,116	83,184	14,005	284,727	548,488	21,239	1,139,621
At 31 December 2014	189,059	14,932	66,071	11,181	298,077	617,346	34,450	1,231,116
At 31 December 2015	263,850	17,066	62,906	7,689	280,008	677,345	109,423	1,418,287
At 31 December 2016	277,790	24,809	56,454	9,734	302,629	731,085	77,239	1,479,740
At 31 December 2017	314,892	21,288	50,449	13,412	340,102	767,140	77,239	1,584,522

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

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

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	Group				
	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
21. Intangible assets					
Computer software					
Cost	186,902	165,538	155,982	33,187	-
Additions	6,329	21,231	-	122,795	33,187
Transferred from/(to) property, plant and equipment	-	86	9,556	-	-
Asset written off	(10,082)	-	-	-	-
Exchange difference	-	47	-	-	-
	<u>183,149</u>	<u>186,902</u>	<u>165,538</u>	<u>155,982</u>	<u>33,187</u>
Accumulated amortisation					
At 1 January	159,271	131,217	10,617	-	-
Charge	16,616	28,054	120,600	10,617	-
Asset written off	(8,693)	-	-	-	-
	<u>167,194</u>	<u>159,271</u>	<u>131,217</u>	<u>10,617</u>	<u>-</u>
Carrying amount	<u>15,955</u>	<u>27,631</u>	<u>34,321</u>	<u>145,365</u>	<u>33,187</u>
Amortisation charged in the year is included in other operating expenses.					
The software is not internally generated.					
22. Balances due to banks					
First City Monument Bank Plc	9,011	63,426	9,017	3,343	-
Access Bank Plc	18,889	107,574	-	15,501	-
Diamond Bank Plc	712,456	678,492	603,390	499,334	383,050
First Security Discount House	-	247	-	-	-
Standard Chartered Bank	-	164	-	3,115	-
Guaranty Trust Bank	3,705	-	-	265	-
Citi Bank	31	-	-	-	-
Fidelity Bank Plc	5,712	8,657	6,661	49,535	47,772
Zenith Bank Plc	2,863	50,821	99,411	3,722	13,789
First Bank of Nigeria Ltd	323,383	1,367	325	3,282	194,695
United Bank for Africa	16,510	215	-	-	-
Intercontinental Bank - Cedi	27,746	-	-	-	-
Union Bank of Nigeria Plc	-	-	-	1,715	-
	<u>1,120,306</u>	<u>910,963</u>	<u>718,804</u>	<u>579,812</u>	<u>639,306</u>
22.1	These are balances obtained from banks during the year.				
23. Commercial notes					
Institutional clients	2,688,325	1,406,940	1,070,682	942,308	664,449
Individual clients	6,984,181	5,653,431	4,527,408	3,984,573	2,309,694
	<u>9,672,506</u>	<u>7,060,371</u>	<u>5,598,090</u>	<u>4,926,881</u>	<u>2,974,143</u>
23.1 Analysis of commercial notes					
Current	9,672,506	7,060,371	5,598,090	4,926,881	2,974,143
Non-current	-	-	-	-	-
	<u>9,672,506</u>	<u>7,060,371</u>	<u>5,598,090</u>	<u>4,926,881</u>	<u>2,974,143</u>
24. Trade and other payables					
Financial liabilities:					
Trade payables	108,684	19,569	4,118	194,378	537,458
Security deposits	5,960	5,959	21,370	32,457	71,708
Statutory deductions (WHT, PAYE)	372,227	83,787	216,197	288,480	214,012
Accounts payable	4,638,731	3,761,796	1,568,450	673,825	878,071
Advance payment received on account	1,112,578	1,127,650	1,015,569	791,141	487,219
Deferred rental income	3,560	6,252	14,160	24,033	11,625
Accrued expenses	379,385	293,635	421,979	-	227,496
	<u>6,621,125</u>	<u>5,300,648</u>	<u>3,261,843</u>	<u>2,004,314</u>	<u>2,427,589</u>

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
25. Taxation					
25.1 Income tax expense					
Income tax	141,706	111,715	115,080	154,267	64,290
Education tax	15,855	-	20,380	31,364	13,614
Technology tax	5,222	-	4,058	5,073	3,583
Current income tax	162,783	111,715	139,518	190,704	81,487
Current income tax credit	-	-	-	-	10,734
FIRS WHT	-	-	5,888	5,299	5,199
FIRS VAT	-	-	19,048	21,132	20,986
Deferred tax credit	-	-	-	-	(3,151)
Deferred tax charge	-	3,642	33,716	46,419	56,099
Income tax expense	162,783	115,357	198,170	263,554	171,355
Reconciliation of effective tax rate					
The income tax expense for the period can be reconciled to the accounting profit as follows:					
Profit before tax	1,277,370	1,036,224	465,639	-	304,523
Tax calculated using the domestic corporation tax rate of 30%	383,211	310,867	139,692	123,542	91,355
Effect of tax rates in foreign jurisdictions	(226,549)	(232,585)	36,126	44,607	10,734
Tax income exempt	(254,324)	(480,365)	(221,286)	(71,211)	(232,561)
Non-deductible expenses	312,540	492,947	380,633	338,722	369,082
Effect of education tax levy	15,855	-	20,380	31,364	13,614
Effect of technology tax levy	5,222	-	4,058	5,073	3,583
Effect of minimum tax	141,706	48,592	-	4,490	4,729
Effect of disposal of items of PPE	(3,378)	-	16,017	32,667	(15,837)
Effect of FIRS WHT	-	-	5,888	5,299	5,199
Effect of FIRS VAT	-	-	19,048	21,132	20,986
Tax reliefs	(211,500)	(24,096)	(202,386)	(272,131)	(99,530)
Total income tax expense	162,783	115,360	198,170	263,554	171,355
25.2 Current income tax liability					
At the beginning	208,690	570,514	437,215	403,992	322,505
Charge	70,949	48,592	164,454	217,135	81,487
Discontinued operations	-	-	-	(6,538)	-
Withholding tax credit notes utilised	(81,695)	(302,619)	-	(155,860)	-
Payments	(46,630)	-	(31,155)	(21,514)	-
Adjustment/exchange difference	-	(19,381)	-	-	-
At the end	151,314	208,690	570,514	437,215	403,992
25.3 Current income tax assets					
At the beginning	(26,556)	(22,699)	(12,897)	(373)	(36,184)
Charge in the year	-	65,202	-	(12,524)	10,734
Refunds	26,556	(86,697)	-	-	-
Payments during the year	-	-	-	-	(11,976)
Under/(over)-provision in prior years	(55,178)	(2,079)	-	-	-
Adjustment/exchange difference	-	19,717	(9,802)	-	37,053
At the end	(55,178)	(26,556)	(22,699)	(12,897)	(373)
25.4 Deferred income tax assets					
At the beginning	(850,965)	(854,607)	(864,951)	(884,244)	(863,612)
Merged operations	-	-	-	-	-
Discontinued operations	-	-	-	17,481	-
Charge (Note 25.1)	(3,642)	3,642	10,344	1,812	37,280
At the end	(854,607)	(850,965)	(854,607)	(864,951)	(826,332)

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

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		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
25.4.1	Analysis of deferred income tax assets					
	Property, plant and equipment	(854,607)	(850,965)	(884,245)	(864,951)	(884,244)
		<u>(854,607)</u>	<u>(850,965)</u>	<u>(884,245)</u>	<u>(864,951)</u>	<u>(884,244)</u>
25.5	Deferred income tax liability					
	At the beginning	167,732	141,125	107,409	62,802	47,134
	Exchange difference	350	26,607	33,716	-	-
	Charge during the year	-	-	-	44,607	15,668
	At the end	<u>168,082</u>	<u>167,732</u>	<u>141,125</u>	<u>107,409</u>	<u>62,802</u>
26.	Borrowings					
	Term loans (Note 26.1)	11,888,895	9,544,367	8,582,283	5,423,223	4,090,647
	Finance lease facilities (Note 26.2)	4,948,286	5,410,796	3,142,720	3,094,641	2,715,866
	Redeemable bonds (Note 26.3)	1,288,240	1,744,380	1,631,954	1,145,601	848,089
		<u>18,125,421</u>	<u>16,699,543</u>	<u>13,356,957</u>	<u>9,663,465</u>	<u>7,654,602</u>
	The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (December 2016 : Nil).					
26.1	Term loans					
	First City Monument Bank Plc (Note 26.1.3)	1,580,381	2,540,864	2,230,468	2,059,342	2,122,240
	Fidelity Bank Plc (Note 26.1.4)	-	126,816	273,725	345,580	560,720
	ABSA Bank Limited, South Africa (Note 26.1.5)	81,178	353,325	474,542	606,762	651,083
	B.V. Scheepswerf Damen Gorinchem, The Netherlands (Note 26.1.7)	4,581,787	1,312,724	1,384,320	1,748,601	-
	Financial Derivative Company	78,248	70,117	-	-	-
	Bank of industry (Note 26.1.8)	3,648,633	3,283,676	-	-	-
	Deep Ocean Development Limited, British Virgin Islands (25.1.8)	-	-	2,334,420	-	-
	Diamond Bank Plc (Note 26.1.6)	1,918,668	1,856,845	1,141,306	-	-
		<u>11,888,895</u>	<u>9,544,367</u>	<u>8,582,283</u>	<u>4,760,285</u>	<u>3,334,043</u>
26.1.1	Analysis of term loans					
	Current	2,231,670	1,575,825	1,644,432	1,039,132	1,854,691
	Non-current	9,657,225	7,968,542	6,937,850	4,384,091	2,235,956
		<u>11,888,895</u>	<u>9,544,367</u>	<u>8,582,282</u>	<u>5,423,223</u>	<u>4,090,646</u>
26.1.2	Movement in borrowings					
	At the beginning	16,699,542	13,367,299	9,663,465	7,654,601	7,967,031
	Addition	14,552,724	8,853,151	4,889,978	3,639,454	1,503,447
	Repayment	(12,695,636)	(7,013,861)	(1,944,599)	(1,681,689)	(1,815,877)
	Exchange loss	-	-	160,744	44,531	-
	Foreign currency translation and exchange loss on foreign currency denominated loans	(431,209)	1,492,954	597,711	6,568	-
	At the end	<u>18,125,421</u>	<u>16,699,543</u>	<u>13,367,299</u>	<u>9,663,465</u>	<u>7,654,601</u>
26.1.3	First City Monument Bank Plc					
	Facility represents US \$15,725,000 (N2,500,000,000) term loan secured from First City Monument Bank Plc on 2 December 2011 for a period of 66 months with a moratorium of 9 months on principal, to finance acquisition of crew and tug boats. The interest on the loan is 9% per annum. The loan is secured by mortgage on the boats being financed. However, in December 2017, the facility was extended for additional 20 months. The loan is secured by mortgage on the boats being financed. The balance of the loan stood at \$3,763,681.56 as at 31st December 2017					
26.1.4	Fidelity Bank Plc					
	Facility represents N734,000,000 term loan secured from Fidelity Bank Plc on 7 December 2012 for a period of 30 months effective from October 2013. The interest on the loan is 16% per annum. The loan has been fully paid as at 31st December 2017.					

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26.1.5 ABSA Bank Limited, South Africa

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

26.1.6 Diamond Bank Plc

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

26.1.7 B.V. Scheepswerf Damen Gorinchem, The Netherlands

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

26.1.8 Bank of industry

On 8th February 2017 C&I Leasing Plc had entered into financing agreement with Bank of industry limited (Nigeria) for long term loan of \$11,880,000 for acquisition of vessel. The loan is payable in five years inclusive of six months moratorium period. Rate of interest is 6.5% p.a. Loan is sured by bank guarantee from First City Momumnet Bank Plc or any other commercial bank acceptable to BOI to cover total principal, interest due and other charge on the term loan.

26.1.9 Secured Leased Notes

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

		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
26.2	Finance lease facilities					
	Diamond Bank Plc (Note 26.2.2)	1,319,219	1,311,027	301,598	532,544	873,950
	Stanbic IBTC Bank (Note 26.2.3)	1,160,245	1,477,979	462,063	629,973	407,453
	First Bank of Nigeria Ltd (Note 26.2.4)	164,975	337,941	580,875	618,651	423,780
	Access Bank Plc (Note 26.2.5)	87,700	385,024	274,697	339,201	45,066
	Leadway Assurance Company Ltd (Note 26.2.6)			-	-	164,869
	United Bank for Africa			645,550	374,121	59,834
	Lotus Capital Limited (Note 26.2.6)	-	356,566	-	4,067	72,439
	Barclays Bank Ghana (Note 26.2.7)	1,463,159	1,197,831	183,135	32,193	96,910
	FSDH Merchant Bank Ltd (Note 26.2.8)	581	98,194	311,717	168,292	222,966
	Intercontinental Bank, Ghana	221,528	-	182,516	130,249	54,611
	Others	530,879	246,233	200,569	204,795	158,621
		<u>4,948,286</u>	<u>5,410,795</u>	<u>3,142,720</u>	<u>3,034,086</u>	<u>2,580,499</u>
26.2.1	Analysis of finance lease facility					
	Current	2,403,182	2,699,492	1,582,440	1,294,627	1,688,920
	Non-current	2,545,104	2,711,304	1,560,280	1,800,014	1,026,946
		<u>4,948,286</u>	<u>5,410,796</u>	<u>3,142,720</u>	<u>3,094,641</u>	<u>2,715,866</u>
26.2.2	Diamond Bank Plc					

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

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26.2.3 Stanbic IBTC Bank Plc

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

26.2.4 First Bank of Nigeria Limited

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

26.2.5 Access Bank Plc

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

26.2.6 Lotus Capital Limited

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

26.2.7 Barclays Bank of Ghana

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

26.2.8 FSDH Merchant Bank Limited

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

	Group				
	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
26.3 Redeemable bonds					
First Pension Custodian Ltd	-	76,689	153,378	230,067	306,756
First Securities Discount House Ltd	-	112,778	225,556	338,334	451,111
UBA Pension Custodian Ltd	-	22,555	45,111	67,667	90,222
FSDH Merchant Bank Ltd	452,675	609,125	609,125	-	-
Convertible bond	835,565	923,233	598,784	509,533	-
	<u>1,288,240</u>	<u>1,744,380</u>	<u>1,631,954</u>	<u>1,145,601</u>	<u>848,089</u>
26.3.1 Analysis of redeemable bonds					
Current	203,530	223,968	208,889	322,426	208,889
Non-current	<u>1,084,710</u>	<u>1,520,412</u>	<u>1,423,065</u>	<u>823,175</u>	<u>639,200</u>
	<u>1,288,240</u>	<u>1,744,380</u>	<u>1,631,954</u>	<u>1,145,601</u>	<u>848,089</u>

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

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

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

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26.3.3 Convertible bond

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

		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
27.	Retirement benefit obligations					
	Defined contribution pension plan (Note 27.1)	<u>33,899</u>	<u>37,024</u>	<u>47,989</u>	<u>35,238</u>	<u>24,288</u>
		<u>33,899</u>	<u>37,024</u>	<u>47,989</u>	<u>35,238</u>	<u>24,288</u>
27.1	Defined contribution pension plan					
	At the beginning	37,024	47,989	35,238	24,288	164,669
	Contributions	708,823	487,365	220,297	210,520	420,046
	Remittances	(711,948)	(498,330)	(207,546)	(199,570)	(560,427)
	At the end	<u>33,899</u>	<u>37,024</u>	<u>47,989</u>	<u>35,238</u>	<u>24,288</u>
27.1.1	The Group make 10% and its employees make a contribution of 8% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.					

		Group				
		2017	2016	2015	2014	2013
		N'000	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	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
28.2	Issued and fully paid					
	1,617,010,000 ordinary shares of 50k each	<u>808,505</u>	<u>808,505</u>	<u>808,505</u>	<u>808,505</u>	<u>808,505</u>
28.3	Share premium					
	At the end	<u>679,526</u>	<u>679,526</u>	<u>679,526</u>	<u>679,526</u>	<u>679,526</u>
	The share premium is the amount.					
29.	Deposit for shares					
	At the beginning	2,466,012	2,453,528	2,091,430	1,937,850	1,951,350
	Exchange difference	(182,700)	12,484	362,098	153,580	(13,500)
	At the end	<u>2,283,312</u>	<u>2,466,012</u>	<u>2,453,528</u>	<u>2,091,430</u>	<u>1,937,850</u>
29.1	This represents US\$12,486,143.09 unsecured variable coupon convertible notes issued by Aureos Africa LLC on 11 January 2010 for a period of five years. The interest to be paid on notes is equivalent, in any period, to dividend declared by C&I Leasing Plc and payable on the equivalent number of ordinary shares underlying the loan stock. The Company is in the process of converting the notes to its equity and has elected to include the notes in equity as deposit for shares.					

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	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
30. Statutory reserve					
At the beginning	1,039,228	829,325	722,521	572,935	460,532
Transfer from statement of profit or loss	82,352	209,903	106,804	149,586	112,403
At the end	1,121,580	1,039,228	829,325	722,521	572,935

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
31. Statutory credit reserve					
At the beginning	626,343	613,725	262,799	48,447	16,648
Arising in the period	(465,743)	16,506	350,926		
Exchange difference adjustment	-	(3,888)	-		
Transfer from retained earnings				214,352	31,799
At the end	160,600	626,343	613,725	262,799	48,447

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
32. Retained earnings					
At the beginning	397,853	(168,776)	161,482	310,674	336,032
Arising from Merger of C & I Motors Ltd	-	-	-	-	-
Dividend declared and paid	-	(82,930)	(124,645)	(67,028)	(32,340)
Transfer from statement of profit or loss	1,154,907	875,968	252,117	281,774	151,184
Transfer to statutory reserve	(82,352)	(209,903)	(106,804)	(149,586)	(112,403)
Transfer to statutory credit reserve	465,743	(16,506)	(350,926)	(214,352)	(31,799)
At the end	1,936,150	397,853	(168,776)	161,482	310,674
33. Foreign currency translation reserve					
At the beginning	1,097,318	(393,369)	204,342	30,327	100,631
Arising in the year	29,487	1,490,687	(597,711)	174,015	(70,304)
At the end	1,126,805	1,097,318	(393,369)	204,342	30,327

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	(848)	(5,513)	(5,163)	4,394	3,510
Gain/(Loss) arising in the year	6,136	4,665	(350)	(9,557)	884
At the end	<u>5,288</u>	<u>(848)</u>	<u>(5,513)</u>	<u>(5,163)</u>	<u>4,394</u>

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

35. Revaluation reserve					
At the beginning	643,246	581,094	484,903	395,882	243,840
Arising during the year	40,154	62,152	96,191	89,021	152,042
At the end	<u>683,400</u>	<u>643,246</u>	<u>581,094</u>	<u>484,903</u>	<u>395,882</u>

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

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

		Group				
		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
36. Non-controlling interest						
At the beginning		229,555	184,656	169,303	134,718	152,734
Share of profit from Leasafric Ghana Ltd		53,934	44,899	15,353	34,585	(18,016)
At the end		<u>283,489</u>	<u>229,555</u>	<u>184,656</u>	<u>169,303</u>	<u>134,718</u>
37. Cash and cash equivalents						
Cash and balances with banks (Note 10)		1,239,836	983,183	1,417,825	1,470,072	979,909
Balance due to banks (Note 22)		(1,120,306)	(910,963)	(718,804)	(579,861)	(639,306)
		<u>119,530</u>	<u>72,220</u>	<u>699,021</u>	<u>890,211</u>	<u>340,603</u>
38. Impairment charge/(write-back)						
Debit balances written off					131,902	1,693
Finance lease receivables		(1,598)	(1,966)	(9,780)	(14,162)	(34,643)
Lease rental due		19,104	261,820	36,547	72,115	(27,082)
Loans and advances				(13,842)	1,748	18,826
Inventories		43,334	-	8,740	(112,686)	43,564
Trade and other receivables		174,485	344,944	108,355	-	-
Per statement of profit or loss		<u>235,325</u>	<u>604,798</u>	<u>130,020</u>	<u>78,917</u>	<u>2,358</u>

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

Group

	Inventory N'000	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000
At 1 January 2016				
Specific impairment	-	4,095	182,070	-
Collective impairment	-	-	24,152	72,395
	-	4,095	206,222	72,395
Additional provision				
Specific impairment	8,740	-	248,813	-
Collective impairment	-	-	13,008	-
No longer required	-	-	-	(1,966)
Statement of profit or loss	8,740	-	261,821	(1,966)
Written off	-	-	-	(53,010)
At 31 December 2016				
Specific impairment	8,740	4,095	430,882	(54,976)
Collective impairment	-	-	37,160	72,395
Total	8,740	4,095	468,042	17,419
Additional provision				
Specific impairment	43,335	-	19,104	(1,598)
Collective impairment	-	-	-	-
No longer required	-	-	-	-
Statement of profit or loss	43,335	-	19,104	(1,598)
Written off	-	(1,090)	(449,028)	(583)
At 31 December 2017				
Specific impairment	52,075	3,005	958	(57,157)
Collective impairment	-	-	37,160	72,395
	52,075	3,005	38,118	15,238

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

Company

	Inventory N'000	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000		
At 1 January 2016						
Specific impairment	-	4,095	182,069	-		
Collective impairment	-	-	24,152	19,385		
	-	4,095	206,221	19,385		
Additional provision						
Specific impairment	-	-	248,813	-		
Collective impairment	-	-	13,008	-		
No longer required	-	-	-	(1,966)		
Statement of profit or loss	-	-	261,821	(1,966)		
Absorbed from C&I Motors						
Specific impairment	-	-	-	-		
Collective impairment	-	-	-	-		
	-	-	-	-		
At 31 December 2016						
Specific impairment	-	4,095	430,882	(1,966)		
Collective impairment	-	-	37,160	19,385		
	-	4,095	468,042	17,419		
Balance brought forward	8,740	-	-	-		
Additional impairment						
Specific impairment	43,335	-	19,104	(1,598)		
Collective impairment	-	-	-	-		
No longer required	-	-	-	-		
Statement of profit or loss	43,335	-	19,104	(1,598)		
Written off	-	(1,090)	(449,028)	(583)		
At 31 December 2017						
Specific impairment	52,075	3,005	958	(4,147)		
Collective impairment	-	-	37,160	19,385		
	52,075	3,005	38,118	15,238		
					Group	
					2017	2016
					N'000	N'000
					2015	2014
					N'000	N'000
					2013	
					N'000	
39. Lease rental income						
Finance Lease		2,508,548	3,264,172	3,436,121	3,012,793	2,740,133
Operating Lease		11,464,403	5,846,584	4,740,932	4,667,969	3,148,969
		13,972,951	9,110,756	8,177,053	7,680,762	5,889,102
40. Finance Cost						
Finance lease interest		2,277,274	1,697,754	1,396,977	871,074	517,387
Commercial notes interest		929,280	708,544	559,792	471,078	442,375
Term loans interest		294,056	343,820	237,085	417,719	562,826
		3,500,610	2,750,118	2,193,854	1,759,871	1,522,588
41. Outsourcing income						
Outsourcing rental		6,230,228	5,897,682	5,509,121	4,987,412	4,553,800
Outsourcing service expense		(5,525,571)	(5,179,863)	(4,821,896)	(4,353,276)	(3,568,317)
		704,657	717,819	687,225	634,136	985,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
42. Discontinued operation					
During the year, the management took a decision to wind up the operation of motor sales division of the Company (C&I Motors). The Assets of the division has been allocated to other divisions.					
42.1 Profit for the year from discontinued operation					
Vehicle sales and repairs (Note 43)	498,824	-	259,185	495,626	1,261,203
Cost sales and repairs (Note 43.1)	(483,530)	-	210,888	(390,535)	(880,626)
	<u>15,294</u>	<u>-</u>	<u>470,073</u>	<u>105,091</u>	<u>380,577</u>
43. Vehicle sales and repairs					
Vehicles	82,588	231,128	182,000	383,532	1,119,374
Accessories	101,775	77,040	60,869	87,369	107,844
Repairs and maintenance	212,000	-	-	-	33985
Others	102,461	78,416	16,316	24,725	-
	<u>498,824</u>	<u>386,584</u>	<u>259,185</u>	<u>495,626</u>	<u>1,261,203</u>
43.1 Vehicles sales and repairs - cost of sales					
Vehicles	57,170	190,508	157,930	325,012	796,102
Accessories	30,912	150,859	47,196	52,119	84,524
Repairs and maintenance	309,566	-	-	-	-
Others	85,882	4,592	5,762	13,404	-
	<u>483,530</u>	<u>345,959</u>	<u>210,888</u>	<u>390,535</u>	<u>880,626</u>
44. Tracking and tagging income					
Tracking income	195,660	388,880	130,594	50,389	92,158
Tracking expenses	(72,591)	(287,233)	(31,361)	(16,724)	(72,715)
	<u>123,069</u>	<u>101,647</u>	<u>99,233</u>	<u>33,665</u>	<u>19,443</u>
45. Interest income					
Interest on loans and advances			3,575	247,412	40
Interest on bank deposits	60,285	8,927	16,816	23,055	22,391
	<u>60,285</u>	<u>8,927</u>	<u>20,391</u>	<u>270,467</u>	<u>22,431</u>
46. Other income					
Gain on sale of finance lease assets	61,555	189,493			
Gain on sale of operating lease assets		68,208	179,556	-	131,294
Gain on disposal of finance lease assets				171,689	69,657
Gain on sale of property, plant and equipment (Note 46.1)	84,005	229	59,093	139,318	364
Insurance claims received	4,908	6,833	14,029	4,640	56,052
Insurance income on finance leases	2,563	3,156	2,110	10,088	13,528
Investment income	2,634	7,003	107,904	1,367	22,210
Franked investment income	-	122	267		64,593
Advertisement Income					5,835
Franchise				14,073	20,250
Rent received	17,800	-	433		-
Foreign exchange gain/(loss)	135,496	-	-		-
Others	567,787	947,926	117,921	58,111	96,982
	<u>876,748</u>	<u>1,222,970</u>	<u>481,313</u>	<u>399,286</u>	<u>480,765</u>

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
46.1 Gain on sale of property, plant and equipment					
Gross value	63,494	424,545	9,695	636,467	289,914
Accumulated depreciation	<u>(57,646)</u>	<u>(371,072)</u>	<u>(7,429)</u>	<u>(545,370)</u>	<u>(269,516)</u>
Carrying amount	5,848	53,473	2,266	91,097	20,398
Proceeds from sale	89,853	121,681	61,359	262,786	90,055
Profit on disposal	<u>84,005</u>	<u>68,208</u>	<u>59,093</u>	<u>171,689</u>	<u>69,657</u>
47. Lease Expense					
Operating Lease Maintenance Expense	3,755,531	2,275,060	2,322,664	2,861,354	2,148,257
Finance lease assets maintenance	844,432	356,213	217,739	269,711	190,263
Lease Insurance Expense	261,839	109,993	141,267	140,352	184,502
	<u>4,861,802</u>	<u>2,741,266</u>	<u>2,681,670</u>	<u>3,271,417</u>	<u>2,523,022</u>
48. Depreciation and amortization expense					
Operating lease assets	2,868,776	1,976,641	1,726,421	1,485,642	1,244,117
Property, plant and equipment	152,533	170,919	121,831	110,006	117,000
Amortisation of intangible assets:					
- Computer software	16,616	-	120,600	-	-
	<u>3,037,925</u>	<u>2,147,560</u>	<u>1,968,852</u>	<u>1,595,648</u>	<u>1,361,117</u>
49. Personnel expenses					
Salaries and allowances	1,026,499	668,488	630,471	621,567	684,556
Pension contribution expense	71,132	31,620	40,013	22,838	22,288
Performance bonus	-	-	22,172	-	-
Training and medical	129,588	88,530	69,732	68,741	46,908
	<u>1,227,219</u>	<u>788,638</u>	<u>762,388</u>	<u>713,146</u>	<u>753,752</u>
50. Distribution expenses					
Marketing	4,245	10,564	175	47,800	120,073
Advertising	37,938	10,099	13,304	10,796	44,845
	<u>42,183</u>	<u>20,663</u>	<u>13,479</u>	<u>58,596</u>	<u>164,918</u>
51. Administrative expenses					
Auditors' remuneration	23,998	24,841	26,101	23,591	26,214
Directors' emoluments	48,083	31,221	58,731	20,176	45,104
Foreign exchange loss	421,539	680	123,424	33,971	50,500
Bank charges	141,159	184,998	183,752	139,545	118,968
Fuel and maintenance	178,168	55,320	64,948	427,116	491,310
Insurance	24,491	24,861	23,021	53,147	44,206
Public relations	17,081	42,546	17,069	20,400	11,939
Travel and entertainment	137,938	135,081	117,169	105,581	65,164
Legal and professional expenses	193,296	162,142	82,485	114,378	88,705
Communications	72,965	60,096	64,368	46,112	46,703
Subscriptions	84,049	70,951	75,449	57,010	43,260
Printing and stationaries	-	-	-	13,255	13,459
Rent and rates	-	-	-	28,058	32,129
Diesel and electricity	-	-	-	28,576	6,684
Security and office supplies	-	-	-	96,115	51,158
Amortisation of intangible assets	-	-	-	10,617	-
Inventory losses/write-offs	996	97,107	-	-	-
Back duty tax- VAT/WHT	-	-	-	-	-
Levies and penalties	7,461	7,591	34,674	13,765	10,020
Other administrative expenses	145,623	216,042	426,419	-	-
	<u>1,496,847</u>	<u>1,113,477</u>	<u>1,297,610</u>	<u>1,231,413</u>	<u>1,145,523</u>

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
52. Reconciliation of profit after tax to net cash provided by operating activities:					
Profit/(loss) after tax	<u>1,208,841</u>	<u>920,867</u>	267,469	<u>287,678</u>	<u>133,168</u>
Adjustment to reconcile profit after tax to net cash provided by operating activities:					
Depreciation of property, plant and equipment	152,533	183,689	120,370	109,597	117,000
Depreciation of operating lease assets	2,868,776	2,264,296	1,743,161	1,485,643	1,244,118
Amortisation	16,618	28,054	120,600	10,617	-
Impairment charge	130,010	83,127	247,435	78,917	2,357
Interest on finance lease facilities and loans	3,500,610	2,750,118	2,193,854	1,761,871	1,522,588
Non-controlling interest in increase in Share capital	49,729	44,899			
Exchange (gain)/loss	(38,136)	12,484	522,842	198,111	(13,500)
Increase/(decrease) in current income tax liability	165,207	48,592	283,155	187,320	79,244
Increase/(decrease) in current income tax assets				(12,524)	10,734
(Decrease)/Increase in deferred income tax liability	350	26,607	-	44,607	15668
(Decrease)/Increase in deferred income tax assets		3,642	33,716	1,812	(20,632)
Revaluation Gain	503		-		
Profit on disposal of operating lease assets	-	(68,208)	(179,556)	(171,689)	(69,657)
Profit on disposal of property, plant and equipment	(84,005)	(229)	(59,093)	(139,318)	(364)
Foreign currency translation			(294,429)	80,124	111,498
Write off of Investments in subsidiary	-	-	-		
Operating profit before changes in operating assets and liabilities	<u>6,729,931</u>	<u>5,377,071</u>	<u>4,732,055</u>	<u>3,635,088</u>	<u>2,999,054</u>
Net decrease/(increase) in operating assets (Note 53)	<u>(13,034,937)</u>	<u>(9,847,784)</u>	<u>(9,109,442)</u>	<u>(6,222,095)</u>	<u>(6,031,913)</u>
Net increase in operating liabilities (Note 54)	<u>7,459,756</u>	<u>6,072,711</u>	<u>4,101,912</u>	<u>4,123,649</u>	<u>4,333,876</u>
Total adjustments	<u>1,154,750</u>	<u>1,601,998</u>	<u>(275,475)</u>	<u>1,536,642</u>	<u>1,301,017</u>
Net cash provided by operating activities	<u>2,219,608</u>	<u>230,631</u>	<u>(126,707)</u>	<u>1,854,135</u>	<u>1,462,614</u>
53. Decrease/(increase) in operating assets					
Loans and receivables	(20,819,923)	(5,346,619)	(8,715,881)	(8,269,035)	(7,319,086)
Finance lease receivables	213,601	704,651	68,772	816,966	625,427
Other assets	(1,392,660)	(153,788)	(77,163)	1,494,719	1,820,537
Inventories	192,358	201,981	133,669	259,345	(66,882)
Trade and other receivables	8,643,279	(5,254,010)	(518,839)	(524,090)	(1,091,909)
	<u>(13,163,345)</u>	<u>(9,847,785)</u>	<u>(9,109,442)</u>	<u>(6,222,095)</u>	<u>(6,031,913)</u>
54. Increase in operating liabilities					
Commercial notes	2,612,135	1,462,281	671,209	1,952,738	844,966
Trade payables				(38,208)	622,929
Other liabilities	4,158,331	3,940,920	3,210,406	1,998,599	2,445,955
Retirement benefit obligations	708,823	669,510	220,297	210,520	420,046
	<u>7,479,289</u>	<u>6,072,711</u>	<u>4,101,912</u>	<u>4,123,649</u>	<u>4,333,896</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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55. Basic earnings per share

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

	Group				
	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Profit after taxation	1,064,858	875,968	139,203	309,672	183,459
	Number	Number	Number	Number	Number
Number of shares at year end	1,617,010	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	1,617,010
Diluted number of shares	1,617,010	1,617,010	1,617,010	1,617,010	1,617,010
Earnings per share (EPS) (kobo) - basic	65.85	54.17	8.61	19.15	11.35
Earnings per share (EPS) (kobo) - diluted	65.85	54.17	8.61	19.15	11.35
	N'000	N'000	N'000	N'000	N'000
56. Information regarding Directors and employees					
56.1 Directors					
56.1.1 Directors' emoluments					
Fees	26,143	19,415	18,363	11,854	7,810
Other emoluments	21,940	8,245	18,245	8,322	7,294
	48,083	27,660	36,608	20,176	15,104
56.1.2 Fees and emoluments disclosed above excluding pension contributions include amounts paid to:					
The Chairman	4,806	3,000	3,000	1,200	1,200
Other Directors	40,414	12,000	14,000	9,575	9,575
56.1.3 The number of Directors (including the Chairman and the highest paid Director) who received fees and other emoluments (excluding pension contributions) in the following ranges were:					
	Number	Number	Number	Number	Number
N240,001 - N400,000	-	-	-	-	10
N400,001 - N1,550,000	8	8	10	10	1
N1,550,001 - N5,000,000	1	1	1	-	1
N5,000,000 - N8,000,000	-	-	-	1	-
N8,000,001 - N11,000,000	1	1	1	1	-
	10	10	12	12	12

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

		Group				
		2017	2016	2015	2014	2013
		Number	Number	Number	Number	Number
56.2	Employees					
56.2.1	The average number of persons employed by the Group during the year was as follows:					
	Managerial	29	29	29	31	35
	Senior staff	48	48	48	56	64
	Junior staff	476	476	506	526	590
		<u>553</u>	<u>553</u>	<u>583</u>	<u>613</u>	<u>689</u>
56.2.2	The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:					
	N					
	N					
	250,001 - 370,000	159	159	159	174	184
	370,001 - 420,000	226	226	256	268	315
	430,001 - 580,000	80	80	80	84	88
	580,001 - 700,000	24	24	24	25	26
	700,001 - 750,000	18	18	18	17	18
	840,001 - 850,000	14	14	14	14	20
	1,000,001 - 1,100,000	12	12	12	12	13
	1,100,001 - 1,150,000	5	5	5	4	5
	1,200,001 - 1,400,000	5	5	5	6	6
	1,500,000 - 1,550,000	5	5	5	4	5
	1,650,000 - 2,050,000	5	5	5	5	6
		<u>553</u>	<u>553</u>	<u>583</u>	<u>613</u>	<u>686</u>

57. Reclassification of comparative figures

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

58. Events after the reporting date

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

59. Financial commitments

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

60. Contingent assets/(liabilities)

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

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

61. Related party transactions

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

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

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

61.1 Loans and advances to related parties

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

	2017 N'000	2016 N'000	2015	2014	2013
EPIC International FZE, U.A.E.	8,632,709	7,752,512	4,654,371	2,706,531	1,460,786
Lcasafic, Ghana	52,745	16,351	-	(4,758)	9,958
C&I Motors Limited			883,628	753,998	(68,729)
Diamond bank			743,502	(1,694,817)	(1,630,554)
	<u>8,685,454</u>	<u>7,768,863</u>	<u>6,281,501</u>	<u>1,760,954</u>	<u>(228,539)</u>

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

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

62. Segment reporting

62.1 Segment results of operations

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

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

Geographical information

1. Revenue

Nigeria		16,314,946	14,511,291
Ghana		3,801,857	2,504,507
United Arab Emirates		2,775,324	2,275,966
		<u>22,892,127</u>	<u>19,291,764</u>

2. Total assets

Nigeria		29,280,850	27,012,907
Ghana		6,001,019	5,370,130
United Arab Emirates		10,798,222	6,747,455
		<u>46,080,091</u>	<u>39,130,492</u>

STATEMENT OF ADJUSTMENT

2016		2015		2014		2013	
Accountants' Report		Accountants' Report		Accountants' Report		Accountants' Report	
Adj	N'000	Adj	N'000	Adj	N'000	Adj	N'000
	983,183	1,417,825	1,417,825	1,470,072	1,470,072	979,909	979,909
	226,512	471,528	471,528	743,985	743,985	819,485	819,485
	6,056,406	6,542,523	6,542,523	12,018	12,018	17,219	17,219
	1,728,632	2,433,283	2,433,283	2,492,275	2,492,275	3,295,079	3,295,079
	20,044	15,379	15,379	15,729	15,729	25,282	25,282
	3,745,527	160,990	160,990	4,041,864	4,041,864	2,833,616	2,833,616
	704,737	431,200	431,200	573,709	573,709	833,054	833,054
	22,521,767	15,475,375	15,475,375	11,730,045	11,730,045	8,248,911	8,248,911
	1,479,740	1,418,287	1,418,287	1,231,116	1,231,116	1,139,621	1,139,621
	27,631	34,321	34,321	145,365	145,365	33,187	33,187
	26,556	22,699	22,699	12,897	12,897	373	373
	850,965	854,607	854,607	864,951	864,951	884,244	884,244
	38,371,700	29,278,017	29,278,017	23,334,026	23,334,026	19,109,980	19,109,980
	910,963	718,804	718,804	579,861	579,861	639,306	639,306
	7,060,371	5,598,090	5,598,090	4,926,881	4,926,881	2,974,143	2,974,143
	5,300,648	3,261,843	3,261,843	2,004,314	2,004,314	2,427,589	2,427,589
106,298	208,690	464,216	570,514	212,216	437,215	208,808	403,992
	16,699,543	13,356,957	13,356,957	9,663,465	9,663,465	7,654,602	7,654,602
	37,024	47,989	47,989	35,238	35,238	24,288	24,288
	167,732	141,125	141,125	107,409	107,409	62,802	62,802
106,298	30,384,971	23,589,024	23,695,322	17,529,384	17,754,383	13,991,538	14,186,722
	808,505	808,505	808,505	808,505	808,505	808,505	808,505
	679,526	679,526	679,526	679,526	679,526	679,526	679,526
	2,466,012	2,453,528	2,453,528	2,091,430	2,091,430	1,937,850	1,937,850
	1,039,228	829,325	829,325	722,521	722,521	572,935	572,935
	626,343	613,725	613,725	262,799	262,799	48,447	48,447
(106,298)	405,561	(54,767)	(161,065)	388,405	163,406	509,704	314,520
	1,097,318	(393,369)	(393,369)	204,342	204,342	30,327	30,327
	(848)	(5,513)	(5,513)	(5,163)	(5,163)	4,394	4,394
	643,246	581,094	581,094	484,903	484,903	395,882	395,882
(106,298)	7,764,891	5,512,054	5,407,268	5,637,268	5,412,269	4,987,570	4,792,386
	221,838	176,939	176,939	167,374	167,374	130,872	130,872
(106,298)	7,986,729	5,688,993	5,582,695	5,804,642	5,579,643	5,118,442	4,923,258
	38,371,700	29,278,017	29,278,017	23,334,026	23,334,026	19,109,980	19,109,980

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

	Notes	2017		2016		2015		2014		2013	
		Accountants'		Accountants'		Accountants'		Accountants'		Accountants'	
		AFS	Adj	Report	Adj	Report	Adj	Report	Adj	Report	Adj
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross earnings		<u>21,371,697</u>	<u>21,371,697</u>	<u>17,015,799</u>	<u>14,577,657</u>	<u>14,577,657</u>	<u>13,883,942</u>	<u>13,883,942</u>	<u>13,883,942</u>	<u>12,299,459</u>	<u>12,299,459</u>
Lease income	39	13,972,951		9,110,756	8,177,053	8,177,053	7,680,762	7,680,762	7,680,762	5,889,102	5,889,102
Lease Expense	47	(4,861,802)		(2,741,266)	(2,193,854)	(2,193,854)	(1,761,871)	(1,761,871)	(1,761,871)	(1,522,588)	(1,522,588)
Net lease income		<u>9,111,149</u>	<u>9,111,149</u>	<u>6,369,490</u>	<u>5,983,199</u>	<u>5,983,199</u>	<u>5,918,891</u>	<u>5,918,891</u>	<u>5,918,891</u>	<u>4,366,514</u>	<u>4,366,514</u>
Outsourcing income	41	6,230,228		5,897,682	5,509,121	5,509,121	4,987,412	4,987,412	4,987,412	4,553,800	4,553,800
Outsourcing expenses	41	(5,525,571)		(3,179,863)	(4,821,896)	(4,821,896)	(4,353,276)	(4,353,276)	(4,353,276)	(3,568,317)	(3,568,317)
Net outsourcing income		<u>704,657</u>	<u>704,657</u>	<u>717,819</u>	<u>687,225</u>	<u>687,225</u>	<u>634,136</u>	<u>634,136</u>	<u>634,136</u>	<u>985,483</u>	<u>985,483</u>
Vehicle sales and repairs	43	-		386,584	259,185	259,185	495,626	495,626	495,626	1,261,203	1,261,203
Cost of sales and repairs	43.1	-		(345,939)	(210,888)	(210,888)	(390,535)	(390,535)	(390,535)	(880,626)	(880,626)
Net income from vehicle sales		<u>-</u>	<u>-</u>	<u>40,625</u>	<u>48,297</u>	<u>48,297</u>	<u>105,091</u>	<u>105,091</u>	<u>105,091</u>	<u>380,577</u>	<u>380,577</u>
Tracking income	44	195,660	195,660	388,880	134,594	134,594	50,389	50,389	50,389	92,158	92,158
Tracking expenses	44	(72,591)	(72,591)	(287,233)	(31,364)	(31,364)	(16,724)	(16,724)	(16,724)	(72,715)	(72,715)
Net tracking income		<u>123,069</u>	<u>123,069</u>	<u>101,647</u>	<u>99,233</u>	<u>99,233</u>	<u>33,665</u>	<u>33,665</u>	<u>33,665</u>	<u>19,443</u>	<u>19,443</u>
Interest income	45	60,285	60,285	8,927	20,391	20,391	270,467	270,467	270,467	22,431	22,431
Other operating income	46	876,748	876,748	1,222,970	481,313	481,313	399,286	399,286	399,286	480,765	480,765
Finance Cost	40	(3,500,610)	(3,500,610)	(2,750,118)	(2,681,670)	(2,681,670)	(3,271,417)	(3,271,417)	(3,271,417)	(2,523,022)	(2,523,022)
		<u>7,375,298</u>	<u>7,375,298</u>	<u>5,714,360</u>	<u>4,637,988</u>	<u>4,637,988</u>	<u>4,090,119</u>	<u>4,090,119</u>	<u>4,090,119</u>	<u>3,732,191</u>	<u>3,732,191</u>
Impairment charge	38	(235,325)	(235,325)	(604,798)	(130,020)	(130,020)	4,090,119	4,090,119	4,090,119	3,732,191	3,732,191
Depreciation expense	48	(3,037,925)	(3,037,925)	(2,147,560)	(1,268,852)	(1,268,852)	(78,917)	(78,917)	(78,917)	(2,358)	(2,358)
Personnel expenses	49	(1,227,219)	(1,227,219)	(788,638)	(762,388)	(762,388)	(1,595,648)	(1,595,648)	(1,595,648)	(1,361,117)	(1,361,117)
Distribution expenses	50	(42,183)	(42,183)	(20,663)	(13,479)	(13,479)	(713,699)	(713,699)	(713,699)	(753,752)	(753,752)
Other operating expenses	51	(1,591,105)	(1,591,105)	(1,113,477)	(1,297,610)	(1,297,610)	(58,596)	(58,596)	(58,596)	(164,918)	(164,918)
Share of gain from joint venture	16	20,531	20,531								

Profit on continuing operations before taxation	1,262,072	94,258	1,356,330	1,036,224	465,639	411,806	465,639	-111,806	304,523		
Income tax expense	(162,783)		(162,783)	(113,357)	(316,871)	(233,739)	(198,170)	(263,554)	(142,926)	(28,428.83)	(171,355)
Continued operations											
Profit for the year	1,099,289	94,258	1,193,547	920,867	148,768	178,067	267,469	148,252	161,597	(28,428.83)	133,168
Profit for the year from discontinued operation	15,294		15,294			139,426		139,426			
Profit after tax and discontinued operation	1,114,583	94,258	1,208,841	920,867	148,768	317,493	267,469	287,678	161,597	(28,428.83)	133,168
Profit attributable to:											
Owners of the parent	1,064,854	90,053	1,154,907	875,968	139,205	309,672	252,117	281,774	183,459	(32,274.88)	151,184
Non-controlling interests	49,729	4,205	53,934	44,899	9,565	7,821	15,353	5,904	(21,862)	3,946.06	(18,016)
Other comprehensive income	1,114,583	94,258	1,208,841	920,867	148,768	317,493	267,469	287,678	161,597	(28,428.83)	133,168
Items that will be reclassified to profit or loss											
Exchange difference on translation of foreign operations	29,487		29,487	1,490,686	(597,711)	174,015	(597,711)	174,015	(70,304)		(70,304)
Net gain on available-for-sale financial assets	6,136		6,136	4,665	(350)	(9,557)	(350)	(9,557)	884		884
Items that will not be reclassified to profit or loss											
Surplus on revaluation of property, plant and equipment	40,154		40,154	62,657	96,191	89,021	96,191	89,021	152,042		152,042
Other comprehensive income (net of tax)	75,777		75,777	1,558,008	(501,870)	253,479	(501,870)	253,479	82,622		82,622
Total comprehensive income (net of tax)	1,190,360	94,258	1,284,618	2,478,875	(353,102)	570,972	(234,401)	541,157	244,219	(28,429)	215,790
Attributable to:											
Owners of the parent	1,140,631	90,320	1,230,951	2,433,976	(362,667)	563,151	(246,116)	532,528	266,081	(30,974)	235,107
Non-controlling interest	49,729	3,938	53,667	44,899	9,565	7,821	11,715	8,629	(21,862)	2,545	(19,317)
	1,190,360	94,258	1,284,618	2,478,875	(353,102)	570,972	(234,401)	541,157	244,219	(28,429)	215,790

C&I Leasing Plc.

(The Group)

Rating Assigned:
Bbb

A financial institution of satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due. It may have one major weakness which, if addressed, should not impair its ability to meet obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution.

Outlook: Stable
Issue Date: September 2017
Expiry Date: 30 June 2018
Previous Rating: 'Bbb-' assigned to C&I Leasing Plc. (The Company) which expired on 30 June 2017

RATING RATIONALE

The rating assigned to C&I Leasing Plc. ('C&I Leasing', 'the Group' or 'C&I') is supported by the Group's good market position, good quality assets, adequate capitalisation and experienced & stable management team. The rating is however constrained by Nigeria's weak business environment, C&I's weak funding profile and a high cost profile.

Industry: Finance & Leasing

C&I Leasing Plc. has a good position in the Nigerian & Ghanaian Leasing Industries, providing operating leases, fleet management and personnel outsourcing services. As at 31 December 2016, the Group's capitalisation was adequate for the level of operations, with a capital adequacy ratio of 20%. Included in capital is a ₦2.5 billion five-year unsecured variable coupon convertible note issued to Abraaj Nigeria Advisers Limited in 2010. If the convertible note is treated as debt, C&I's capital adequacy will be re-estimated to 13%, at par with the regulatory minimum requirement in Nigeria - the Group's home country.

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As at 2016FYE, C&I's asset quality was impaired by increased volume of past due receivables, particularly in the Group's operating lease book. Past due operating lease receivables grew to ₦1.8 billion in 2016 from ₦568 million in 2015 as challenges faced by exploration and production companies in Nigeria's upstream oil & gas industry delayed payments to vendors such as C&I Leasing. We expect C&I's past due marine lease receivables to decline considerably in the short term in the absence of a major downturn within the upstream oil & gas industry. Given adequate capacity utilisation as well as the young age of the Group's vessel fleet, we do not foresee significant asset impairment risk in the medium term.

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C&I Leasing Plc

 Nigeria Corporate Analysis November 2017

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	BBB _(NG)	Stable	October 2018
Short term	National	A3 _(NG)		

Financial data:

(USD 'm comparative) ¹	31/12/15	31/12/16
NGN/USD (avg.)	193.1	253.2
NGN/USD (close)	197.0	305.0
Total assets	148.4	125.7
Total capital	16.2	18.4
Total debt	99.9	80.9
Cash & equiv.	7.2	3.2
Revenue	72.9	62.3
EBITDA	22.7	18.0
NPAT	0.8	3.6
Op. cash flow	8.3	1.5
Market cap *	N3.2bn/USD10.3m	
Market share	n.a.	

¹ Central Bank of Nigeria exchange rates
 * As at 06/11/2017 @ N305.6/USD

Rating history:
Initial rating (June 2006)

 Long term rating: BBB_(NG)
 Short term rating: A3_(NG)
 Rating outlook: Stable

Last rating (December 2016)

 Long term: BBB_(NG)
 Short term: A3_(NG)
 Rating outlook: Stable

Related methodologies/research:

Global Criteria for Rating Corporate Finance and Leasing Companies, updated March 2017

Global Master Criteria for Rating Corporate entities, updated February 2017

C&I rating reports (2006-16)

Glossary of Terms/Ratios (February 2016)

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Summary rating rationale

- The ratings take cognisance of C&I Leasing Plc's ("C&I" or "the Group") well-entrenched position in key markets, as borne out by a relatively strong client retention and progression in market share amidst challenging operating conditions. The repositioning of the Group's business focus on strongly performing segments has also supported sound traction in the operating lease space, with performance expected to show resilience through the cycle.
- Having registered sound top line growth (at a compound rate of 10.2%) over the four years under review, the Group achieved a 43% annualised increase in revenue in 3Q FY17, on the back of new vessel leasing contracts. The EBITDA margin has shown moderate variability over the review period, with transient compression seen in FY16 offset by the traction from higher-yielding leases secured in the current year. Specifically, the margin rebounded to 34.7% in 3Q FY17, well above a four-year average of 27.5%, and is projected at 36.2% for the full year.
- GCR is cognisant of pressure that could arise from traction in the operating lease profile, which could cause margin volatility should management fail to manage the residual risk inherent in these contracts effectively. Accordingly, progress will continue to be monitored closely to assess the repackaging of the underlying assets into new contracts or their disposal to maintain a robust earnings stream or efficiently recycle capital through the cycle.
- Adjusting performance for sizeable distortions arising from cross currency exposures and changes in valuations reveals the moderate cash generative capabilities of C&I's operations. That said, note is taken of the capital intensity of the trading cycle and the sizeable debt servicing outflows. GCR has considered the ample untapped facilities that are in place, the strength of the financing counterparties, the risk transfer in respect to the finance leases and sound performance of the leasing book.
- As with most lease financing entities, the Group is relatively thinly capitalised. In comparison, debt has risen markedly from just N11bn at FY13 to N29bn at 3Q FY17 to finance the rapidly advancing operating lease exposure, which has seen gross and net gearing trend at high levels, over the review period, closing 3Q FY17 at 435.6% and 413.9% respectively (FY16: 441%; 423%).
- That said, earnings based gearing metrics are relatively comfortable for the Group's operating model, registering at 369% and 350% on a gross and net basis respectively at 3Q FY17 (FY16: 540%; 519%). Coupled with the expected resilience of cash earnings expected over the rating horizon, this gives comfort in spite of the relatively erratic interest coverage metrics.

Factors that could trigger a rating action may include
Positive change: A significant improvement in profitability metrics, asset quality and gearing could result to a positive rating action.

Negative change: Material weakening in profitability, debt to EBITDA or pressure on debt service due to unforeseen fall off in business volumes or deterioration in operating conditions. Furthermore, marked deterioration in asset quality would warrant rating action.

Nigeria Corporate Analysis | Public Credit Rating

1. Authorisation of the Programme

At the meeting held on 5th December, 2017, the Shareholders of C & I Leasing Plc passed a resolution approving the issuance of the proposed ₦20 Billion debt securities.

2. Incorporation and Share Capital History of the Issuer

C & I Leasing Plc was incorporated on 1990; the registered address of the company is at 2 Leasing Drive, off Bisola Durosinmi Etti, Off Admiralty Way, Lekki Phase 1, Lagos.

The authorised share capital of the Company is ₦1,500,000,000 divided into 3,000,000,000 ordinary shares of ₦0.50 each while the issued share capital is ₦808,505,000 divided into 1,617,010,000 ordinary shares of ₦0.50 each.

The list of with 5% shareholding and above, as at 31st December 2017 is as follows:

S/N	Name of Shareholder	Number of Shares	Percentage Holding
1	LEADWAY ASSURANCE LIMITED	140,000,353	8.66
2	CIL ACQUICO LIMITED	130,789,499	8.09
3	PETRA PROPERTIES LTD	87,685,985	5.42

3. Director's Beneficial Interest

The Beneficial Interest of the Directors in the Company's shareholding is as follows:

S/N	Name of Director	% Holding	Direct	Indirect	Total	Indirect Holder
1	Okolo H.C	0.07%	1,200,338	-	1,200,338	
2	Ndu Chukwuemeka E.	5.51%	1,438,270	87,685,985	89,124,255	Petra Properties
3	Kholi Jacob	2.68%	-	43,394,691	43,394,691	Aureos West African Fund LLC
4	Ugboma Patrick Sule	4.97%	80,416,666	-	80,416,666	
5	Omotunde Alao-Olaifa	8.66%	-	140,000,353	140,000,353	Leadway Assurance Co Ltd
6	Larry Olugbenga Ademeso	2.78%	-	44,909,709	44,909,709	Custodian Life Assurance Policy
7	Otiye-Odibi Andrew	0.51%	8,214,300	-	8,214,300	

4. Subsidiaries and Associated Companies

As at the date of this Prospectus, the Company has two subsidiaries.

S/n	Subsidiary	Percentage Holding (%)
1	Leasafic Ghana Limited	70.89
2	Epic International FZE	100

5. Costs and Expenses

Costs and expenses in respect of any issuance of Bonds under this Programme shall be payable by the Issuer

6. Material Contracts

The following agreements have been entered into and are considered material to this Programme:

- A Programme Trust Deed dated 11th June 2018 among C & I Leasing Plc and GTL Trustees Limited, STL Trustees Limited and UTL Trust Management Services Limited in connection with the Programme. The extracts of the Programme Trust Deed are set out in pages 19 to 26 of this Prospectus.

7. Declarations

Except as otherwise disclosed in this Prospectus:

- a) No share of the Issuer is under option or agreed conditionally or unconditionally to be put under option;
- b) No commissions, brokerages or other special terms have been granted by the Issuer to any person in connection with the Debt Issuance Programme or sale of any securities of the Issuer;
- c) Save as disclosed herein, the directors of the Issuer have not been informed of any holding representing 5% or more of the issued share capital of the Issuer;
- d) There are no founders', management or deferred shares or any options outstanding in the Company;
- e) There are no material service agreements between the Issuer or any of its Directors and employees other than in the ordinary course of business;
- f) There are no long-term service agreements between the Issuer or any of its Directors and employees other than in the ordinary course of business;
- g) No Director of the Issuer has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Issuer in the five years prior to the date of this Prospectus;
- h) No prosecution has commenced against the Company or any of its subsidiaries in respect of any breach of any securities or banking laws or Companies and Allied Matters Act, Cap C20, LFN, 2004; and
- i) No action has been taken against the Issuer by the NSE, FMDQ or any other recognised Exchange in respect of any breach of the listing requirements of The Exchange.

Further declarations/information in respect of shareholders/key management staff:-

It is further declared that to the best of the Directors' knowledge as at the date of this Base Prospectus:

- a) None of the shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
- b) None of the shareholders/key management staff has been convicted in any criminal proceeding;
- c) None of the shareholders/key management staff is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

8. Relationship between the Issuer, Issuing Houses and Other Advisers

Mr. Emeka Ndu who is the vice chairman of C & I Leasing Plc is also the vice Chairman of Cordros Securities Limited, save as above, as at the date of this Prospectus no other relationship other than the professional ones established pursuant to this Programme exists between the Issuer and any of its advisers.

9. Mergers and Takeovers

As at the date of this Prospectus, the Directors are not aware of the following during the preceding financial year or current financial year:

- a merger or takeover offer by third parties in respect of the Issuer's securities; and
- a merger or takeover by the Issuer in respect of another company's securities.

10. Consents

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Party	Role
Omotunde Lukman Alao-Olaifa	Director of the Issuer
Jacob Kwame Kholi	Director of the Issuer
Chukwuma Henry Okolo	Director of the Issuer
Andrew Otiike-Odibi	Director of the Issuer
Patrick Nduka Sule Ugboma	Director of the Issuer
Chukwuemeka Emmanuel Ndu	Director of the Issuer
Ikechukwu Abianuru Duru	Director of the Issuer
Olugbenga Larry Ademeso	Director of the Issuer
Planer Capital Limited	Lead Issuing House
ARM Securities Limited	Joint Issuing House
Boston Advisory Limited	Joint Issuing House
Cordros Capital Limited	Joint Issuing House
FCMB Capital Limited	Joint Issuing House
GTL Trustees Limited	Joint Trustees
STL Trustees Limited	Joint Trustees
UTL Trust Management Services Limited	Joint Trustees
G. Elias & Co	Solicitor to the Issue
Hermon Legal Practitioners	Solicitor to the Issuer
Marriot Solicitors	Solicitor to the Trustees
PKF Professional Services	Auditor
SLAO Partners	Reporting Accountant
Global Credit Rating Company	Rating Agency
Agusto & Co	Rating Agency
Centurion Registrars Limited	Registrars
First Bank Plc	Receiving Bank
First City Monument Bank Limited	Receiving Bank

11. Documents Available for Inspection

Copies of the following documents may be inspected at the Issuing Houses offices as listed on page 13 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme:

- Certificate of Incorporation of the Issuer, duly certified by the Company Secretary;
- Memorandum and Articles of Association of the Issuer, duly certified by the CAC;
- Reporting Accountants' Report on the audited accounts of the Issuer for the four years ended December 31, 2017;
- Reporting Accountant's report on the forecast of the Company for the five years ending 31st December 2022;
- Shareholders' Resolution of the Issuer dated 5th December 2017 authorising the Debt Issuance Programme;
- Board Resolution of the Issuer dated 26th October 2017, authorising the Debt Issuance Programme;
- Letter from the Securities & Exchange Commission dated 8th June 2018 approving the registration of the Prospectus;
- Audited Financial Statement of the Issuer for the years ended 31st December 2013 to 2017;
- Prospectus issued with respect to the Debt Issuance Programme;
- The Valuation report by Ubosi Eleh & Co Estate Surveyors and Valuers;
- Consents of Parties referred to on pages 13 to 14;
- Material contracts referred to on page 123.

12. Claims and Litigation

As at the date of this Prospectus, the total value of claims instituted against C&I Leasing Plc and still pending before the Court is summed up to ₦254,263,972.40. While the total value of claims by C&I Leasing against other parties, in litigations initiated by C & I Leasing Plc and currently pending in Court is in the total sum of ₦32,659,418.05. The Solicitors to Issuer, Hermon Legal Practitioners are of the opinion that the defence availed by C & I Leasing Plc in relation to these proceedings against the Company are sufficient to exculpate her from any contingent liabilities. As regards actions and claims filed by C&I Leasing Plc wherein they are claimants; these portend great chances of success.

13. Indebtedness

The total indebtedness of C&I Leasing to banks, commercial papers and other borrowings as at 31st December 2017 is ₦17,600,351,000. This amount includes the outstanding principal of ₦450,000,000 on the ₦600,000,000 18.5% fixed rate bond due 2020 issued in 2015 by the Company.

14. Related Party Transactions

As at the date of this Prospectus the Issuer had no related party transactions

15. Pledge of Assets

As at the date of this Prospectus, the following assets have been pledged by the Issuer to creditors.

S/n	Description of Assets	Value of the Assets (₦)	Asset Value to Total Asset of the Company	Beneficiaries of the Pledge	Total Asset of the Company
1	TUG BOAT M.V."CHARIS"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
2	TUG BOAT M.V."ELIEZIER"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
3	TUG BOAT M.V."EPHRAHIM"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
4	TUG BOAT M.V."DEBORAH"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
5	TUG BOAT M.V."PEREZ"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
6	TUG BOAT M.V."AHUVA"	930,820,491.05	2.07%	FCMB	44,981,305,000.00
7	LAND & BUILDING	1,022,741,000.00	2.27%	Diamond Bank	44,981,305,000.00

22 FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme

Pricing Supplement To the Shelf Prospectus dated [●] 2018



C & I LEASING PLC RC161070

Offer For Subscription Of

₦[●]

**Series [●]: Tranche [●]-Year [●]%
[●]% Fixed Rate Senior Secured Bonds Due [●]**

Issue Price: ₦1,000 per unit

Payable in full on Application

Application List	
Opens	[●]
Closes	[●]

This Pricing Supplement is prepared for the purpose of Rule 279(3) of the Rules and Regulation of the Securities & Exchange Commission ("the Commission" or SEC) in connection with the [●] Debt Issuance Programme established by C & I Leasing Plc ("the Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated [●] and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from any of the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No Securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series 1 Bonds" or "Bonds"). Application has been made to the FMDQ OTC for the admission of the Bonds to the Daily Quotations List of the Exchange. The Bonds now being issued will upon admission to the Daily Quotations List qualify as a security in which Trustee may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Further, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

Final Terms of Series [-] Bonds

Issuer	[•]
Series Number	[•]
Tranche Number	[•]
Aggregate Principal Amount of Bonds	[•]
<ul style="list-style-type: none"> • Issue Price: • Net Proceeds: 	[•]
Denomination(s):	[•]
<ul style="list-style-type: none"> • Issue Date: • Interest Commence Date (if different from Issue Date) 	[•]
Maturity Date:	[•]
Principal Moratorium:	[•]
Interest Basis:	[•]
Redemption/Payment Basis:	[•]
Status:	[•]
Security:	[•]
Listing(s):	[•]
Method of Distribution:	[•]
Offer Period	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

Fixed Rate Note Provisions:	
Interest Rate	[•]
Coupon Payment Date(s) /Payment Dates	[•]
Interest Amount(s):	[•]
Business Day Convention:	[Following Business Day Convention/Preceding Business Day Convention]
Business Day:	[Modified Business Day]
Other terms relating to method of calculating interest for Fixed Rate Bonds	[•]
Floating Rate Note Provisions:	
Coupon Payment Date(s):	
Reference Banks:	
Spread (if applicable):	
Party responsible for calculating interest rate and interest amount(s):	
Relevant Time (if applicable):	
Screen Rate Determination:	
<ul style="list-style-type: none"> - Benchmark: - Coupon Determination Dates(s): - Relevant Screen Page 	
Day Count Fraction	

PROVISIONS RELATING TO REDEMPTION

Optional Early Redemption (Call Option):	[Applicable/Not Applicable]
Optional Early Redemption (Put Option):	[Applicable/Not Applicable]
Scheduled Redemption/Amortisation:	[Applicable/Not Applicable]
Redemption Amount(s):	[•]
Scheduled Redemption Dates:	[•]
Final Redemption Amount:	[•]

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

Form of Bonds:	Dematerialized Bonds
Form of Dematerialized Bonds:	[Registered/Certificate/Dematerialized]
Registrar:	Centurion Registrars

Trustee(s):	[•]
Record Date:	[•]
Other terms or special conditions:	[•]

GENERAL PROVISIONS APPLICABLE TO THE BONDS	
Underwritten/Book-building:	[•]
If Underwritten, names of Underwriters	[•]
Clearing System:	Central Securities Clearing System Plc

Use of Proceeds(Purpose)	
Business Expansion	[•]
Repayment and restructuring of existing loan	[•]
Repayment and restructuring of CP	[•]
Working Capital	[•]
Issue Expense	[•]
Total	[•]

APPENDICES	
Appendices	[List and Attach Appendices if applicable]

MATERIAL ADVERSE CHANGE STATEMENT	
Except as disclosed in this document and in the Shelf Prospectus dated [•], there has been no significant change in the financial or trading position of the Issuer since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer since [insert date of last published annual accounts]	

RESPONSIBILITY	
The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is material in the context of the issue of the Bonds.	

Signed on behalf of the Issuer:

[•]
Director

[•]
Director