

C & I LEASING PLC

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2014**

C & I LEASING PLC

CONSOLIDATED FINANCIAL STATEMENT - HALF YEAR ENDED 30 JUNE 2014

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C & I LEASING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

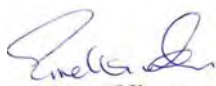
AS AT 30 JUNE 2014

		Group		Company	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Notes	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	10	663,267	979,909	502,846	820,466
Loans and receivables	11	1,085,834	819,485	3,347,133	2,530,000
Trade receivables	12	64,475	17,219	-	-
Finance lease receivables	13	5,656,948	6,123,138	4,665,058	4,897,869
Available for sale assets	14	25,281	25,282	25,281	25,282
Investment in subsidiaries	15	-	-	1,650,634	1,605,155
Other assets	16	3,486,369	2,833,616	3,342,170	2,773,719
Inventories	17	685,975	833,054	18,597	-
Operating lease assets	18	8,497,294	8,248,911	5,793,050	6,148,729
Property, plant and equipment	19	1,090,689	1,139,621	995,316	1,011,388
Intangible assets	20	38,264	33187	38,126	33,187
Current income tax assets	25	-	373	-	-
Deferred income tax assets	26.3	884,244	884,244	813,120	813,120
Total assets		22,178,640	21,938,039	21,191,331	20,658,915
Liabilities					
Balances due to banks	21	594,194	639,306	594,172	590,121
Commercial notes	22	3,460,787	2,974,143	3,460,787	2,967,907
Trade payables		109,453	537,458	-	-
Other liabilities	23	2,010,030	1,890,131	1,475,737	1,237,508
Deferred maintenance charge	24	2,636,590	2,828,059	2,636,590	2,828,059
Current income tax liability	25.2	232,945	208,808	215,386	191,822
Borrowings	26	7,510,523	7,654,602	6,319,432	6,801,489
Retirement benefit obligations	27	97,744	24,288	97,744	24,288
Deferred income tax liability	25.4	38,694	62,802	-	-
Total liabilities		16,690,960	16,819,597	14,799,849	14,641,194
Equity					
Share capital	28	808,505	808,505	808,505	808,505
Deposit for shares	29	1,937,849	1,937,850	1,937,849	1,937,850
Share premium		679,526	679,526	679,526	679,526
Statutory reserve	30	696,595	572,935	623,785	510,952
Statutory credit reserve	31	48,447	48,447	31,799	31,799
Retained earnings	32	757,600	509,704	1,909,742	1,648,813
Foreign currency translation reserve	33	32,908	30,327	-	-
AFS fair value reserve	34	4,394	4,394	4,394	4,394
Revaluation reserve	35	395,882	395,882	395,882	395,882
		5,361,706	4,987,570	6,391,483	6,017,721
Non-controlling interest	36	125,974	130,872	-	-
Total equity		5,487,680	5,118,442	6,391,483	6,017,721
Total liabilities and equity		22,178,640	21,938,039	21,191,331	20,658,915

These consolidated financial statements on pages 9 to 65 were approved by the Board of Directors on the 4th of November, 2014 and signed on its behalf by :



AVM (Rtd) Abdullahi Bello, CFR
Group Chairman
FRC/2013/IODN/00000003944



Emeka Ndu
Group Managing Director/CEO
FRC/2013/ICAN/00000003955



Adesoji Aiyeola
Head, Finance
FRC/2013/ICAN/00000003946

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

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CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Group		Company	
		30 JUNE 2014 N'000	30 JUNE 2013 N'000	30 JUNE 2014 N'000	30 JUNE 2013 N'000
Gross earnings		6,343,214	6,112,431	5,388,641	5,007,798
Lease rental income	39	3,611,760	3,057,662	3,114,262	2,472,845
Lease interest expenses	40	(848,395)	(871,587)	(669,324)	(638,536)
Net lease rental income		2,763,365	2,186,075	2,444,938	1,834,309
Outsourcing income	41	2,086,831	2,403,729	2,086,831	2,403,729
Outsourcing expenses	41	(1,651,607)	(1,695,766)	(1,651,607)	(1,682,282)
Net outsourcing income		435,224	707,963	435,224	721,447
Vehicle sales	42	291,320	398,683	-	-
Vehicle operating expenses	43	(229,492)	(307,778)	-	-
Net income from vehicle sales		61,828	90,904	-	-
Tracking and tagging income	44	53,167	39,678	-	-
Interest income	45	52,157	42,890	4,410	256
Other income	46	247,978	169,789	183,137	130,968
Impairmen	38	(37,862)	17,227	38,997	-
Operating expenses	47	(1,327,765)	(668,867)	(1,145,637)	(559,547)
Depreciation expense	48	(591,843)	(796,065)	(517,241)	(520,968)
Personnel expenses	49	(634,915)	(1,024,256)	(549,572)	(937,899)
Distribution expenses	50	(2,188)	(2,194)	-	-
Administrative expenses	51	(594,416)	(615,677)	(469,027)	(497,275)
Profit on continuin		424,732	147,467	425,230	171,290
Income tax	26.1	(55,727)	27,445	(49,120)	56,153
Profit for the year		369,005	174,913	376,110	227,443
Profit for the year		369,005	174,913	376,110	227,443
Profit attributable to:					
Owners of the parent		373,903	179,015	376,110	227,443
Non-controlling interests		(4,898)	(4,102)	-	-
		369,005	174,913	376,110	227,443
tion of profit					
Transfer to statutory reserve	30	123,660	28,625	112,833	68,233
Transfer to statutory credit reserve					-
Transfer to retained earnings	32	250,243	150,390	263,277	159,210
		373,903	179,015	376,110	227,443
Basic earnings per share [kobo]	55	22.82	10.82	23.26	14.07

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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Group		Company	
		30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
		N'000	N'000	N'000	N'000
Profit for the period		369,005	174,913	376,110	227,443
Other comprehensive income					
Items that may be					
Exchange difference		-	-	-	-
Net gain		-	-	-	-
Items that will not be					
Surplus on revaluation		-	-	-	-
Other		-	-	-	-
comprehe		369,005	174,913	376,110	227,443
Attributable to:					
Owners of		373,903	179,015	376,110	227,443
Non-controlling interest		(4,898)	(4,102)	-	-
		369,005	174,913	376,110	227,443

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2014

		Group		Company	
		30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
	Notes	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Lease rental income		3,611,760	5,889,102	3,114,262	5,136,066
Outsourcing income		2,086,831	4,553,800	2,086,831	4,553,800
Interest income received		52,157	22,431	4,410	8,009
Vehicle sales income		291,320	1,261,203	-	-
Tracking and tagging income		53,167	92,158	-	-
Other income received		247,978	549,853	183,137	541,937
Cash payment to employees and suppliers		(2,433,888)	(12,315,180)	(3,816,497)	(7,496,905)
Income tax paid		-	(11,976)	-	-
Operating profit before changes in operating assets/liabilities		3,909,326	41,391	1,572,144	2,742,907
Decrease in operating assets		(353,088)	3,751,061	(1,171,371)	(908,387)
Decrease in operating liabilities		60,525	1,130,233	613,096	732,091
Net cash provided by operating activities	52	3,616,763	4,922,685	1,013,869	2,566,611
Cash flows from investing activities					
Additional investments in subsidiaries		-	-	(45,479)	-
Proceeds from sale of investments		-	-	-	-
Proceeds from sale of operating lease assets		59,210	90,055	59,210	66,475
Proceeds from sale of property, plant and equipment		1,600	3,020	1600	3,020
Proceeds from sale of finance lease assets		-	-	-	-
Purchase of operating lease assets	18	(2,922,266)	(2,189,867)	(175,103)	(418,977)
Transfer of operating lease assets		-	-	-	-
Purchase of property, plant and equipment	19	(26,938)	(73,929)	(17,101)	(26,000)
Acquisition of intangible assets	20	(5,077)	(33,187)	(4,939)	(33,187)
Net cash provided by investing activities		(2,893,471)	(2,203,908)	(181,812)	(408,669)
Cash flows from financing activities					
Dividend paid		(2,348)	(32,340)	(2,348)	(32,340)
Interest on finance lease facilities and loans		(848,395)	(1,594,976)	(669,324)	(1,417,062)
Proceeds from borrowings		(144,079)	1,503,447	-	1,503,447
Repayment of borrowings		-	(1,815,878)	(482,057)	(1,512,230)
Deposit for shares		(1)	-	(1)	-
Net cash provided by financing activities		(994,822)	(1,939,747)	(1,153,729)	(1,458,185)
Increase/(decrease) in cash and cash equivalents		(271,530)	779,030	(321,672)	699,757
Cash and cash equivalents at the beginning of the year		340,603	(438,427)	230,345	(469,412)
Cash and cash equivalents at the end of the year	37	69,073	340,603	(91,327)	230,345

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014

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	502,787	100,631	3,510	243,840	152,734	4,920,063
Changes in equity for the year ended 31 December 2013											
Profit for the period	-	-	-	112,403	31,799	39,257	-	-	-	(21,862)	161,597
Other comprehensive income											
Fair value changes on available for sale financial assets	-	-	-	-	-	-	-	884	-	-	884
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	152,042	-	152,042
Gain on foreign operations translation	-	-	-	-	-	-	(70,304)	-	-	-	(70,304)
Total comprehensive income for the period ended 31 December 2013	-	-	-	112,403	31,799	39,257	(70,304)	884	152,042	(21,862)	244,219
Transactions with owners											
Deposit for future subscription of shares	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(32,340)	-	-	-	-	(32,340)
Exchange difference on conversion of deposit for shares	-	-	(13,500)	-	-	-	-	-	-	-	(13,500)
At 31 December 2013	808,505	679,526	1,937,850	572,935	48,447	509,704	30,327	4,394	395,882	130,872	5,118,442
At 31 December 2013	808,505	679,526	1,937,850	572,935	48,447	509,704	30,327	4,394	395,882	130,872	5,118,442
Changes in equity for the period ended 30 June 2014											
Profit for the period	-	-	-	123,660	-	250,243	-	-	-	(4,898)	369,005
Other comprehensive income											
Fair value changes on available for sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Gain on foreign operations translation	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	123,660	-	250,243	-	-	-	(4,898)	369,005
Transactions with owners											
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	2,581	-	-	-	2,581
Dividend paid during the period	-	-	-	-	-	(2,348)	-	-	-	-	(2,348)
At 30 June 2014	808,505	679,526	1,937,850	696,595	48,447	757,600	32,908	4,394	395,882	125,974	5,487,680

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014

Company

	Share Capital N'000	Share Premium N'000	Deposit for shares N'000	Statutory Reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Total equity N'000
At 1 January 2013	808,505	679,526	1,951,350	425,359	-	1,513,231	3,510	243,840	5,625,321
Changes in equity for the year ended 31 December 2013									
Profit for the period	-	-	-	85,593	31,799	167,922	-	-	285,314
Other comprehensive income									
Fair value changes on available for sale financial assets	-	-	-	-	-	-	884	-	884
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	152,042	152,042
Total comprehensive income for the period ended 31 December 2013	-	-	-	85,593	31,799	167,922	884	152,042	438,240
Transactions with owners									
Dividend paid during the period	-	-	-	-	-	(32,340)	-	-	(32,340)
Deposit for future subscription of shares	-	-	(13,500)	-	-	-	-	-	(13,500)
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	-
At 31 December 2013	808,505	679,526	1,937,850	510,952	31,799	1,648,813	4,394	395,882	6,017,721
At 31 December 2013	808,505	679,526	1,937,850	510,952	31,799	1,648,813	4,394	395,882	6,017,721
Changes in equity for the period ended 30 June 2014									
Profit for the year	-	-	-	112,833	-	263,277	-	-	376,110
Other comprehensive income									
Fair value changes on available for sale financial assets	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2014	-	-	-	112,833	-	263,277	-	-	376,110
Transactions with owners									
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	-
Dividends paid during the period	-	-	-	-	-	(2,351)	-	-	(2,351)
At 30 June 2014	808,505	679,526	1,937,850	623,785	31,799	1,909,739	4,394	395,882	6,391,480

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

1. The reporting entity

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

C & I Motors Limited
Citrans Global Limited
Leasafric Ghana Limited
EPIC International FZE, United Arab Emirates

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

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

These consolidated financial statements cover the financial year from 1 January 2014 to 30 June 2014 with comparative for the period ended 31 December 2013.

The consolidated financial statements for the period ended 30 June 2014 were approved for issue by the Board of Directors on 04 November, 2014.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The Group's financial statements for the year ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by local regulators has been included where appropriate.

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

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 financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 June, 2014.

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

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

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

2.5 Summary of new and amended standards

2.5.1 Accounting standards and interpretations issued but not yet effective

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

2.5.1.1 IFRS 9 Financial instruments

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

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

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

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

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

2.5.1.6 IFRIC 21 Levies

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

2.5.2 Accounting standards and interpretations issued and effective

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

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

2.5.2.2 Amendment to IAS 1, 'Financial statement presentation'

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

3. Summary of significant accounting policies

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

3.1 Investments in subsidiaries

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

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

Control is usually present when an entity has:

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

3.2 Investments in associates

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

3.3 Investments in joint ventures

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

3.4 Investments in special purpose entities (SPEs)

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

3.5 Intangible assets

3.5.1 Intangible assets acquired separately

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

Amortization is charged to income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in income statement. Intangible assets with an indefinite useful life are tested for impairment annually.

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

3.5.2 Intangible assets generated internally

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

- It is technically feasible to complete the asset for use by the group
- The group has the intention of completing the asset for either use or resale
- The group has the ability to either use or sell the asset
- 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.

3.6 Property, plant and equipment

3.6.1 Initial recognition

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, except for land and buildings to be reported at their revalued amount net of accumulated depreciation and/or accumulated impairment losses. Acquisition costs includes the cost of replacing component parts of the property, plant 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.

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3.6.2 Subsequent costs

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

3.6.3 Depreciation

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

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

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

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

3.6.4 Derecognition

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

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

3.6.5 Reclassifications

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

3.7 Investment properties

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

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

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

3.8 Discontinued operations and non-current assets held for sale

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

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

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

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

3.9 Inventories

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

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

3.10 Impairment of non-financial assets

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is 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.

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3.11.1.1 Financial assets at fair value through profit or loss

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

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

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

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

3.11.1.2 Loans and receivables

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

3.11.1.3 Held-to-maturity financial assets

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

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

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

3.11.1.4 Available-for-sale financial assets

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

ii. Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

iii. **Reclassifications**

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

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

iv. **Derecognition**

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

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3.11.2 Financial liabilities

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

3.11.2.1 Interest bearing borrowings

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

3.11.3 Impairment of financial assets

3.11.3.1 Financial assets carried at amortised cost

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

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

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

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

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

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

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3.11.3.2 Assets classified as available for sale

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

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

3.11.4 Offsetting financial instruments

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

3.12 Trade and other receivables

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

3.13 Cash and cash equivalents

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

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

3.14 Leases

Leases are divided into finance leases and operating leases.

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

3.14.1 The Group is the lessor

3.14.1.1 Operating leases

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

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

3.14.1.2 Finance leases

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

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3.14.2 The Group is the lessee

3.14.2.1 Finance leases

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

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

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

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

3.14.2.2 Operating leases

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

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

3.15 Trade and other payables

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

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

3.16 Borrowing costs

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

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

3.17 Retirement benefits

3.17.1 Defined contribution plan

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

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

Employees contribution of 7.5% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes the remainder to make a total contribution of 15% of the total emoluments as required by the Pension Reform Act 2004. The Company's contribution to the pension's scheme is charged to the profit or loss account.

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3.17.2 Defined benefit plan

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

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

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

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

3.17.3 Termination benefits

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

3.17.4 Short term employee benefits

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

3.18 Taxation

3.18.1 Current income tax

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

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

3.18.2 Deferred income tax

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

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

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

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

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

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

3.19 Provisions

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

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

3.19.1 Warranty

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

3.19.2 Restructuring

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

3.19.3 Onerous contract

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

3.20 Equity instruments

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

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

3.21 Compound instruments

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

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3.22 Share based payments

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

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

3.23 Revenue recognition

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

3.23.1 Income from operating leases

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

3.23.2 Income from finance leases

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

3.23.3 Personnel outsourcing income

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

3.23.4 Service charge income

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

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

3.23.5 Interest income

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

3.23.6 Rental income

Rental income is recognized on an accrued basis.

3.23.7 Realised gains and losses

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

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

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

4. Segment reporting

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

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

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

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

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

5. Critical accounting estimates and judgment

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

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

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

5.1 Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

6. Financial instruments and fair values

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

6.1 Classes of financial instrument

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	Held to maturity N'000	Fair value through profit or loss N'000	Amortised cost N'000	
At 30 June 2014							
Assets							
Cash and balances with banks	663,267	-	-	-	-	-	663,267
Loans and receivables	-	1,085,834	-	-	-	-	1,085,834
Finance lease receivables	-	5,656,948	-	-	-	-	5,656,948
Available for sale assets	-	-	25,286	-	-	-	25,286
Trade receivables	-	64,475	-	-	-	-	64,475
Other assets	-	3,486,369	-	-	-	-	3,486,369
	663,267	10,293,626	25,286	-	-	-	10,982,179
Liabilities							
Balances due to banks	-	-	-	-	594,194	-	594,194
Borrowings	-	-	-	-	-	10,977,576	10,977,576
Trade payables	-	-	-	-	-	109,453	109,453
Other liabilities	-	-	-	-	-	1,999,686	1,999,686
	-	-	-	-	594,194	13,086,715	13,680,908
	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	Held to maturity N'000	through profit or loss N'000	Amortised cost N'000	
At 31 December 2013							
Assets							
Cash and balances with banks	979,909	-	-	-	-	-	979,909
Loans and receivables	-	819,485	-	-	-	-	819,485
Finance lease receivables	-	6,123,138	-	-	-	-	6,123,138
Available for sale assets	-	-	25,282	-	-	-	25,282
Trade receivables	-	17,219	-	-	-	-	17,219
Other assets	-	2,833,616	-	-	-	-	2,833,616
	979,909	9,793,458	25,282	-	-	-	10,798,649
Liabilities							
Balances due to banks	-	-	-	-	502,846	-	502,846
Borrowings	-	-	-	-	-	10,628,745	10,628,745
Trade payables	-	-	-	-	-	537,458	537,458
Other liabilities	-	-	-	-	-	1,890,131	1,890,131
	-	-	-	-	502,846	13,056,334	13,559,180

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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	Held to maturity N'000	through profit or loss N'000	Amortised cost N'000		
At 30 June 2014								
Assets								
Cash and balances with banks	502,846	-	-	-	-	-	502,846	
Loans and receivables	-	3,347,133	-	-	-	-	3,347,133	
Finance lease receivables	-	4,665,058	-	-	-	-	4,665,058	
Available for sale assets	-	-	25,286	-	-	-	25,286	
Other assets	-	3,342,170	-	-	-	-	3,342,170	
	502,846	11,354,362	25,286	-	-	-	11,882,494	
Liabilities								
Balances due to banks	-	-	-	-	594,172	-	594,172	
Borrowings	-	-	-	-	-	9,786,485	9,786,485	
Other liabilities	-	-	-	-	-	1,475,740	1,475,740	
	-	-	-	-	594,172	11,262,225	11,856,397	
	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	Held to maturity N'000	through profit or loss N'000	Amortised cost N'000		
At 31 December 2013								
Assets								
Cash and balances with banks	820,466	-	-	-	-	-	820,466	
Loans and receivables	-	2,530,000	-	-	-	-	2,530,000	
Finance lease receivables	-	4,897,869	-	-	-	-	4,897,869	
Available for sale assets	-	-	25,282	-	-	-	25,282	
Other assets	-	2,773,719	-	-	-	-	2,773,719	
	820,466	10,201,588	25,282	-	-	-	11,047,336	
Liabilities								
Balances due to banks	-	-	-	-	590,121	-	590,121	
Borrowings	-	-	-	-	-	9,769,396	9,769,396	
Trade payables	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	1,237,508	1,237,508	
	-	-	-	-	590,121	11,006,904	11,597,025	

6.2 Fair valuation methods and assumptions

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

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

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

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 N25,282,000 (December 2013: N25,282,000.00) 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

The Group achieved capital adequacy ratio 27% at the end of the period, compared to 28% recorded for the year ended 31 December 2013 respectively.

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

	Group	
	30 June 2014 N'000	31 December 2013 N'000
Tier 1 capital		
Share capital	808,505	808,505
Share premium	679,526	679,526
Statutory reserve	696,595	572,935
Retained earnings	757,600	509,704
Total qualifying for tier 1 capital	2,942,226	2,570,670
Tier 2 capital		
Deposit for shares	1,937,849	1,937,850
Statutory credit reserve	48,447	48,447
Exchange translation reserve	32,908	30,327
AFS fair value reserve	4,394	4,394
Revaluation reserve	395,882	395,882
Total qualifying for tier 2 capital	2,419,480	2,416,900
Total regulatory capital	5,361,706	4,987,570
Risk - weighted assets		
On balance sheet	18,790,920	18,042,369
Total risk weighted assets	18,790,920	18,042,369
Risk-weighted capital adequacy ratio (CAR)	29%	28%

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8. Risk management framework

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

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

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

C & I Leasing Plc's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arise from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment.

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

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

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

8.1 Strategic risks

Capital management policies, objectives and approach.

The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by C&I Leasing Plc.

To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.

To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

To retain financial flexibility by maintaining strong liquidity.

To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.

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

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

8.2 Operational risks

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

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

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

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- 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 delays or outright default of lease rentals; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

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

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

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

Exposure to risk

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

	Group	
	30 June	31 December
	2014	2013
	N'000	N'000
Financial assets		
Cash and balances with banks	663,267	979,909
Loans and receivables	1,085,834	819,485
Finance lease receivables	5,656,948	6,123,138
Available for sale assets	25,281	25,282
Trade receivables	64,475	17,219
Other assets	3,486,369	2,833,616
	<u>10,982,174</u>	<u>10,798,649</u>
	Company	
	30 June	31 December
	2014	2013
	N'000	N'000
Financial assets		
Cash and balances with banks	502,846	820,466
Loans and receivables	3,347,133	2,530,000
Finance lease receivables	4,665,058	4,897,869
Available for sale assets	25,281	25,282
Trade receivables	-	-
Other assets	3,342,170	2,773,719
	<u>11,882,489</u>	<u>11,047,336</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 cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Group also makes use of bank overdraft facilities - N594,193,739.30 (December 2013: N639,306,000).

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

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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
30 June 2014			
Balance due to banks	594,194	-	594,194
Borrowings	6,862,696	4,108,615	10,971,310
Trade payables	109,453	-	109,453
Other liabilities	2,010,030	-	2,010,030
	<u>9,576,372</u>	<u>4,108,615</u>	<u>13,684,986</u>
31 December 2013			
Balance due to banks	639,306	-	639,306
Borrowings	6,517,754	3,902,102	10,419,856
Trade payables	537,458	-	537,458
Other liabilities	1,890,131	-	1,890,131
	<u>9,584,649</u>	<u>3,902,102</u>	<u>13,486,751</u>

	Company		
	Current N'000	Non-current N'000	Total N'000
30 June 2014			
Balance due to banks	594,172	-	594,172
Borrowings	5,139,704	4,640,515	9,780,219
Other liabilities	1,475,737	-	1,475,737
	<u>7,209,613</u>	<u>4,640,515</u>	<u>11,850,128</u>
31 December 2013			
Balance due to banks	590,121	-	590,121
Borrowings	6,511,625	3,257,769	9,769,394
Other liabilities	1,237,508	-	1,237,508
	<u>8,339,254</u>	<u>3,257,769</u>	<u>11,597,023</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 cashflows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

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

8.3.3 Market risk

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

8.3.4 Currency risk

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

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

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in Nigerian Naira, except for its subsidiaries- Leasafric Ghana Limited and EPIC International FZE, U.A.E.; whose transactions are denominated in Ghanaian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in this period 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 financial statements is considered positive because of the continuous increase and stability in value of equities in the past few years. Furthermore, there was a positive impact on the income statement because of the portion of investment disposed off during the period - equity shares in Guaranty Trust Bank (Gross Domestic Receipt), however all other gains due to increase in market prices were recorded in the fair value reserve through the other comprehensive income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

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

During the year ended 31 December 2013, the Company has transferred N31,800,000 (31 December 2012: Nil) to the statutory credit reserve. This is because the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN), is higher than the impairment allowance as determined in line with IAS 39 as at the year then ended.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
10. Cash and balances with banks				
Cash in hand	580	951	-	31
Current balances with banks	<u>662,687</u>	<u>978,958</u>	<u>502,846</u>	<u>820,435</u>
	<u>663,267</u>	<u>979,909</u>	<u>502,846</u>	<u>820,466</u>
11. Loans and receivables				
Lease rental due	1,274,215	881,271	1,072,329	801,736
Loans and advances	40,782	162,127	35,305	57,692
Intercompany loans (Note 11.1)	-	-	2,354,030	1,784,320
	<u>1,314,997</u>	<u>1,043,398</u>	<u>3,461,663</u>	<u>2,643,748</u>
Impairment allowance (Note 11.4)	<u>(229,164)</u>	<u>(223,913)</u>	<u>(114,530)</u>	<u>(113,748)</u>
	<u>1,085,834</u>	<u>819,485</u>	<u>3,347,133</u>	<u>2,530,000</u>
11.1 Intercompany loans				
C&I Motors Limited	-	-	357,130	-
Citrans Global Limited	-	-	320,420	313,576
Leasafic Ghana Limited	-	-	-	9,958
EPIC International FZE, United Arab Emirates	-	-	1,676,479	1,460,786
	<u>-</u>	<u>-</u>	<u>2,354,030</u>	<u>1,784,320</u>
11.2 Analysis of loans and receivables by security				
Secured	-	-	-	-
Otherwise secured	<u>1,314,997</u>	<u>1,043,398</u>	<u>3,461,663</u>	<u>2,643,748</u>
	<u>1,314,997</u>	<u>1,043,398</u>	<u>3,461,663</u>	<u>2,643,748</u>
11.3 Loans and receivables are further analysed as follows:				
Less than one year	831,149	659,484	2,602,654	1,987,703
More than one year and less than five years	483,849	383,915	859,009	656,044
More than five years	-	-	-	-
	<u>1,314,997</u>	<u>1,043,399</u>	<u>3,461,663</u>	<u>2,643,747</u>
11.4 Impairment allowance on loans and receivables				
Lease rental due (Note 11.5)	215,248	155,398	100,614	97,558
Loans and advances (Note 11.6)	<u>13,916</u>	<u>68,515</u>	<u>13,916</u>	<u>16,190</u>
	<u>229,164</u>	<u>223,913</u>	<u>114,530</u>	<u>113,748</u>
11.5 Analysis of impairment allowance - Lease rental due				
Specific impairment	150,680	147,323	36,046	89,483
Collective impairment	<u>64,568</u>	<u>8,075</u>	<u>64,568</u>	<u>8,075</u>
	<u>215,248</u>	<u>155,398</u>	<u>100,614</u>	<u>97,558</u>
11.5.1 Movement in impairment allowance - Lease rental due				
At the beginning of the year	155,398	182,480	97,558	158,445
Charge for the year	59,850	40,610	3,056	6,805
Provision no longer required	-	(67,692)	-	(67,692)
Written back in the year	-	-	-	-
Written off in the year	-	-	-	-
At the end of the year	<u>215,248</u>	<u>155,398</u>	<u>100,614</u>	<u>97,558</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	31	31	31	31
	30 June	December	30 June	December
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
11.6 Analysis of impairment allowance - Loans and advances				
Specific impairment	-	66,128	-	13,803
Collective impairment	13,916	2,387	13,916	2,387
	13,916	68,515	13,916	16,190
11.6.1 Movement in impairment allowance - Loans and advances				
At the beginning of the year	13,916	49,689	13,916	14,733
Charge for the year	-	19,756	-	2,387
Provision no longer required	-	(930)	-	(930)
Written off in the year				
At the end of the year	13,916	68,515	13,916	16,190
12. Trade receivables				
Gross trade receivables	92,322	22,339		
Impairment allowance	(27,848)	(5,120)		
	64,475	17,219	-	-
13. Finance lease receivables				
Gross finance lease receivable	5,987,553	7,167,272	4,983,904	5,212,776
Unearned lease interest	(271,703)	(933,254)	(271,703)	(265,433)
Net investment in finance lease	5,715,850	6,234,018	4,712,201	4,947,343
Impairment allowance (Note 13.4)	(58,902)	(110,880)	(47,143)	(49,474)
	5,656,948	6,123,138	4,665,058	4,897,869
13.2 The net investment in finance lease may be analysed as follows:				
Less than one year	1,140,712	1,244,123	940,414	987,341
More than one year and less than five years	4,575,138	4,989,895	3,771,787	3,960,001
More than five years				
	5,715,850	6,234,018	4,712,201	4,947,342
13.3 Analysis into current portion and non-current portion				
Current portion	1,140,712	1,244,123	940,414	987,341
Non-current portion	4,575,138	4,989,895	3,771,787	3,960,001
	5,715,850	6,234,018	4,712,201	4,947,342
13.4 Analysis of impairment allowance - Finance lease receivables				
Specific impairment				
Collective impairment	58,902	110,880	47,143	49,474
	58,902	110,880	47,143	49,474
13.4.1 Movement in impairment allowance - Finance lease receivables				
At the beginning of the year	110,880	161,394	49,474	60,624
Charge for the year		-	-	-
Provision no longer required	(51,978)	(34,643)	(2,330)	(11,150)
Written off in the year		(15,871)	-	-
At the end of the year	58,902	110,880	47,144	49,474

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	N'000	N'000	N'000	N'000
14. Available for sale assets				
14.1 Listed equities - at fair value				
Diamond Bank Plc (GDR)	8,711	8,711	8,711	8,711
First Bank of Nigeria Plc	13,371	13,371	13,371	13,371
Fidelity Bank Plc	3,200	3,200	3,200	3,200
	<u>25,281</u>	<u>25,282</u>	<u>25,281</u>	<u>25,282</u>
15. Investment in subsidiaries				
Leasafri Ghana Limited	-	-	754,736	709,257
C&I Motors Limited	-	-	700,000	700,000
Citrans Global Services Limited	-	-	191,667	191,667
EPIC International FZE, United Arab Emirates	-	-	4,231	4,231
	<u>-</u>	<u>-</u>	<u>1,650,634</u>	<u>1,605,155</u>

15.1 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of incorporation	Percentage held	Statutory year end
Leasafri Ghana Limited (Note 15.1.1)	Leasing	Ghana	85.03%	31 December
C & I Motors Limited (Note 15.1.2)	Marketing and distribution of vehicles	Nigeria	100%	31 December
Citrans Global Limited (Note 15.1.3)	Transportation and logistics	Nigeria	76.7%	31 December
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.4)	Trading in ships and boats	United Arab Emirates	100%	31 December

15.1.1 Leasafri Ghana Limited

Leasafri 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. Leasafri Ghana was incorporated in Ghana. The requisite approval for C&I Leasing Plc investment in Leasafri Ghana was obtained from Central Bank of Nigeria.

15.1.2 C & I Motors Limited

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

15.1.3 Citrans Global Limited

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

15.1.4 EPIC International FZE, U.A.E.

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

15.2 Condensed results of consolidated entities

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 15.2.1.

The C&I Leasing Group in the condensed results includes the results of the underlisted entities:

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

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

15.2.1 Condensed results of consolidated entities

30 JUNE 2014

	Parent - C&I Leasing Plc N'000	C&I Motors Limited N'000	Citrans Global Limited 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 income statement								
Gross earnings	5,388,641	308,145	127,781	406,887	111,760	6,343,214	-	6,343,214
Operating income	3,067,710	61,038	114,199	311,378	59,396	3,613,720	-	3,613,720
Impairment charge	38,997	(785)	(68,582)	(7,493)	-	(37,862)	-	(37,862)
Depreciation expense	(517,241)	(6,296)	(9,073)	(40,200)	(18,907)	(591,717)	-	(591,717)
Other operating expenses	(1,145,637)	-	(29,544)	(152,586)	-	(1,327,767)	(123)	(1,327,891)
Personnel expenses	(549,572)	(45,358)	(26,189)	(13,796)	-	(634,915)	-	(634,915)
Distribution	-	(2,188)	-	-	-	(2,188)	-	(2,188)
Administrative expenses	(469,027)	(45,938)	(24,963)	(54,482)	(6)	(594,416)	-	(594,416)
Profit/(loss) before tax	425,230	(39,526)	(44,153)	42,822	40,482	424,855	(123)	424,732
Income tax	(49,120)	-	-	(6,607)	-	(55,727)	-	(55,727)
Profit/(loss) after tax	376,110	(39,526)	(44,153)	36,215	40,482	369,128	(123)	369,005

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Condensed statement of financial position

	C&I Leasing Plc N'000	C&I Motors Limited N'000	Citrans Global Limited N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Assets								
Cash and balances with banks	502,846	42,922	6,372	105,685	5,442	663,267		663,267
Loans and receivables	3,347,133	102,380	88,144	4,586	(1,404,364)	2,137,879	(1,052,046)	1,085,834
Trade receivables	-	15,150	48,564	5,330	-	69,045	(4,570)	64,475
Finance lease receivables	4,665,058	-	558,719	433,170	-	5,656,948		5,656,948
Available for sale financial assets	25,281	-	-	-	-	25,281		25,281
Investment in subsidiaries	1,650,634	-	-	-	-	1,650,634	(1,650,634)	(0)
Other assets	3,342,170	51,568	14,921	65,751	689	3,475,099	21,615	3,496,713
Inventory	18,597	621,565	45,812	-	-	685,975		685,975
Operating lease assets	5,793,050	-	-	956,081	1,748,163	8,497,294		8,497,294
Property, plant and equipment	995,316	27,891	17,299	50,183	-	1,090,689		1,090,689
Intangible assets	38,126	-	-	73	65	38,264		38,264
Current income tax assets	-	-	-	-	-	-		-
Deferred income tax assets	813,120	43,300	17,481	-	-	873,901		873,901
Total assets	21,191,331	904,776	797,313	1,620,860	349,996	24,864,275	(2,685,635)	22,178,640
Liabilities and equity								
Balances due to banks	594,172	22	-	(0)	-	594,194		594,194
Commercial notes	3,460,787	-	-	-	-	3,460,787		3,460,787
Borrowings	-	-	162,908	1,028,183	(0)	1,191,091	-	1,191,091
Trade payables	1,475,737	109,453	-	-	-	1,585,189		1,585,189
Deferred maintenance charge	2,636,590	-	-	-	-	2,636,590		2,636,590
Other liabilities	215,386	722,438	604,309	60,687	229,267	1,832,087	(1,082,408)	749,679
Retirement benefit obligations	6,319,432	-	-	-	-	6,319,432		6,319,432
Current income tax liability	97,744	10,449	6,571	539	-	115,303		115,303
Deferred income tax liability	-	-	-	38,694	-	38,694	-	38,694
Equity and reserves	6,391,483	62,415	23,524	492,757	120,728	7,090,907	(1,603,227)	5,487,680
Total liabilities and equity	21,191,331	904,776	797,313	1,620,859	349,995	24,864,275	(2,685,635)	22,178,640

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2013

	C&I Leasing Plc N'000	C&I Motors Limited N'000	Citrans Global Limited N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Condensed income statement								
Gross earnings	10,239,812	1,275,941	257,123	632,595	972	11,874,188	(113,721)	11,760,467
Operating income	8,822,751	307,062	193,045	572,353	1,032	9,896,243		9,896,243
Impairment charge	36,277	(1,786)	(58,422)	23,267	-	(664)		(664)
Depreciation expenses	(1,070,107)	(17,535)	(23,506)	(249,970)	-	(1,361,118)		(1,361,118)
Operating expenses	(5,893,062)	-	(88,829)	(182,164)	-	(6,164,055)		(6,164,055)
Personel expenses	(584,942)	(85,143)	(39,981)	(43,686)	-	(753,752)		(753,752)
Distribution	-	(164,917)	-	-	-	(164,917)		(164,917)
Administrative expenses	(952,617)	(104,812)	(41,052)	(39,778)	(8,963)	(1,147,222)		(1,147,222)
Profit/(Loss) before tax	358,300	(67,131)	(58,745)	80,022	(7,931)	304,515	-	304,515
Income tax expense	(72,989)	(1,577)	(41,957)	(26,402)	-	(142,925)	-	(142,925)
Profit/(Loss) after tax	285,311	(68,708)	(100,702)	53,620	(7,931)	161,590	-	161,590

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2013

Condensed statement of financial position

	C&I Leasing Plc N'000	C&I Motors Limited N'000	Citrans Global Limited N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Assets								
Cash and balances due from banks	820,466	50,293	5,360	98,565	5,225	979,909	-	979,909
Loans and advances	2,530,000	160,266	79,816	-	-	2,770,082	(1,950,596)	819,486
Trade receivables	-	17,219	-	-	-	17,219	-	17,219
Finance lease receivables	4,897,869	-	612,636	612,633	-	6,123,138	-	6,123,138
Available for sale financial assets	25,282	-	-	-	-	25,282	-	25,282
Investment in subsidiaries	1,605,155	-	-	-	-	1,605,155	(1,605,155)	-
Other assets	2,773,719	43,215	2,217	13,807	661	2,833,619	-	2,833,619
Inventories	-	808,006	25,044	-	-	833,050	-	833,050
Operating lease assets	6,148,729	-	-	649,374	1,450,807	8,248,910	-	8,248,910
Property, plant and equipment	1,011,388	32,623	21,405	74,207	-	1,139,623	-	1,139,623
Intangible assets	33,187	-	-	-	-	33,187	-	33,187
Current income tax assets	-	-	-	371	-	371	-	371
Deferred income tax assets	813,120	43,288	17,481	-	-	873,889	10,355	884,244
Total assets	20,658,915	1,154,910	763,959	1,448,957	1,456,693	25,483,434	(3,545,396)	21,938,038
Liabilities and equity								
Balance due to banks	590,121	49,186	-	-	-	639,307	-	639,307
Commercial notes	2,967,907	-	-	-	-	2,967,907	-	2,967,907
Borrowings	6,801,489	-	181,615	677,734	1,427,987	9,088,825	(1,427,987)	7,660,838
Trade payables	-	537,458	-	-	-	537,458	-	537,458
Deferred maintenance charge	2,828,059	-	-	-	-	2,828,059	-	2,828,059
Other liabilities	1,237,508	455,921	508,095	172,407	32,799	2,406,730	(516,599)	1,890,131
Retirement benefit obligations	24,288	-	-	-	-	24,288	-	24,288
Current income tax liability	191,822	10,415	6,570	-	-	208,807	-	208,807
Deferred income tax liability	-	-	-	50,948	-	50,948	11,853	62,801
Equity and reserves	6,017,721	101,930	67,677	547,869	(4,093)	6,731,104	(1,612,663)	5,118,441
Total liabilities and equity	20,658,915	1,154,910	763,957	1,448,958	1,456,693	25,483,433	(3,545,396)	21,938,037

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
16. Other assets				
Financial assets:				
Operating lease service receivables	1,296,890	903,502	1,296,890	903,502
Finance lease in process	596,800	727,105	596,800	727,105
Account receivables	860,452	743,509	860,437	743,509
Inter-company receivables	-	-	72,978	-
Other debit balances	385,435	189,567	169,412	151,135
Consumables	-	15,933	-	15,938
Insurance receivables	-	89,357	-	86,045
Withholding tax receivables	865,291	711,054	863,182	705,998
	<u>4,004,868</u>	<u>3,380,027</u>	<u>3,859,698</u>	<u>3,333,232</u>
Impairment allowance (Note 16.1)	<u>(669,380)</u>	<u>(666,003)</u>	<u>(595,648)</u>	<u>(633,095)</u>
	3,335,488	2,714,024	3,264,050	2,700,137
Non-financial assets:				
Prepayments	<u>150,882</u>	<u>119,592</u>	<u>78,120</u>	<u>73,582</u>
Net other assets balance	<u>3,486,369</u>	<u>2,833,616</u>	<u>3,342,170</u>	<u>2,773,719</u>
16.1 Analysis of impairment allowance - Other assets				
Specific impairment	537,465	582,080	478,264	549,171
Collective impairment	<u>131,915</u>	<u>83,924</u>	<u>117,384</u>	<u>83,924</u>
	<u>669,380</u>	<u>666,004</u>	<u>595,648</u>	<u>633,095</u>
16.2.1 Movement in impairment allowance - Other assets				
At the beginning of the year	666,003	622,440	633,095	598,791
Charge for the year	3,377	65,152	(37,447)	55,893
Provision no longer required	-	(21,589)	-	(21,589)
Written off in the year	-	-	-	-
At the end of the year	<u>669,380</u>	<u>666,003</u>	<u>595,648</u>	<u>633,095</u>
All other financial assets on the statement of financial position of the Group and Company had a remaining period to contractual maturity of less than 12 months.				
17. Inventories				
Motor vehicles	535,525	728,412	-	-
Tracking devices	42,267	23,031	-	-
Vehicle spare parts	108,182	79,598	18,597	-
Goods in transit	-	3,515	-	-
	<u>685,975</u>	<u>834,556</u>	<u>18,597</u>	<u>-</u>
Impairment allowance	-	(1,502)	-	-
	<u>685,975</u>	<u>833,054</u>	<u>18,597</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

18. Operating lease assets

Group	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 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 period	(289,914)	-	-	-	-	(289,914)
Exchange difference	(184,164)	-	-	-	-	(184,164)
At 31 December 2013	4,927,398	21,516	5,398,142	1,450,807	391,759	12,189,622
Accumulated depreciation						
At 1 January 2013	1,974,809	21,505	799,312	-	219,521	3,015,147
Charge for the period	978,005	4	242,249	-	23,860	1,244,118
Transfer to own assets	-	-	-	-	-	-
Disposals in the period	(269,516)	-	-	-	-	(269,516)
Exchange difference	(49,038)	-	-	-	-	(49,038)
At 31 December 2013	2,634,260	21,509	1,041,561	-	243,381	3,940,711
Carrying amount						
At 31 December 2013	2,293,138	7	4,356,581	1,450,807	148,378	8,248,911
	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2014	4,927,398	21,516	5,398,142	1,450,807	391,759	12,189,622
Additions	445,665	-	1,787,609	688,992.00	-	2,922,266
Transfer	-	-	-	(2,139,799)	(19,612)	(2,159,411)
Disposals in the year	(165,809)	-	-	-	-	(165,809)
Exchange difference	-	-	-	-	-	-
At 30 June 2014	5,207,253	21,516	7,185,751	-	372,147	12,786,667
Accumulated depreciation						
At 1 January 2014	2,634,260	21,509	1,041,561	-	243,381	3,940,711
Charge for the year	369,689	-	158,242	-	9,040	536,972
Transfer	-	-	-	-	(30,548)	(30,548)
Disposals in the year	(157,761)	-	-	-	-	(157,761)
Exchange difference	-	-	-	-	-	-
At 30 June 2014	2,846,188	21,509	1,199,803	-	221,873	4,289,374
Carrying amount						
At 30 June 2014	2,361,065	7	5,985,948	-	150,274	8,497,294

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

18. Operating lease assets

Company	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2013	3,752,135	21,516	5,342,405	127,674	391,759	9,635,489
Additions	363,240	-	55,737	-	-	418,977
Transfer to own assets	-	-	-	(127,674)	-	(127,674)
Disposals in the period	(272,951)	-	-	-	-	(272,951)
At 31 December 2013	3,842,424	21,516	5,398,142	-	391,759	9,653,841
Accumulated depreciation						
At 1 January 2013	1,717,586	21,505	799,312	-	219,521	2,757,924
Charge for the period	739,976	4	242,249	-	23,860	1,006,089
Disposals in the period	(258,901)	-	-	-	-	(258,901)
At 31 December 2013	2,198,661	21,509	1,041,561	-	243,381	3,505,112
Carrying amount						
At 31 December 2013	1,643,763	7	4,356,581	-	148,378	6,148,729
	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2014	3,842,424	21,516	5,398,142	-	391,759	9,653,841
Additions	154,565	-	20,538	-	-	175,103
Transfer	-	-	-	-	-	-
Disposals in the year	(165,809)	-	-	-	(51,373)	(217,182)
At 30 June 2014	3,831,179	21,516	5,418,681	-	340,386	9,611,762
Accumulated depreciation						
At 1 January 2014	2,198,661	21,509	1,041,561	-	243,381	3,505,112
Charge for the year	374,360	-	139,333	-	9,040	522,734
Disposals in the year	(157,761)	-	-	-	(51,373)	(209,134)
At 30 June 2014	2,415,260	21,509	1,180,894	-	201,048	3,818,712
Carrying amount						
At 30 June 2014	1,415,919	7	4,237,786	-	139,338	5,793,050

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2014

19. Property, plant and equipment

Group	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost								
At 1 January 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
Transfer/Reclassifications	(12,930)	-	-	-	-	-	-	(12,930)
Disposal in the period	(2,479)	(40,965)	23,091	-	6,823	(13,493)	-	(27,023)
Exchange difference	-	-	-	-	-	-	-	-
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>
Accumulated depreciation								
At 1 January 2013	171,094	61,330	173,660	38,017	118,794	-	-	562,895
Charge for the period	58,216	10,227	34,506	5,619	8,432	-	-	117,000
Disposal in the period	(10,274)	-	-	-	-	-	-	(10,274)
Exchange difference	(3,023)	(31,896)	20,313	-	(2,797)	-	-	(17,403)
At 31 December 2013	<u>216,013</u>	<u>39,661</u>	<u>228,479</u>	<u>43,636</u>	<u>124,429</u>	<u>-</u>	<u>-</u>	<u>652,218</u>
Carrying amount								
At 31 December 2013	<u>170,862</u>	<u>17,116</u>	<u>83,184</u>	<u>14,005</u>	<u>284,727</u>	<u>548,488</u>	<u>21,239</u>	<u>1,139,621</u>
Valuation/Cost								
At 1 January 2014	386,875	56,777	311,663	57,641	409,156	548,488	21,239	1,791,839
Additions	4,023	10,682	9,302	1,100	1,831	-	-	26,938
Revaluation surplus	-	-	-	-	-	-	-	-
Disposal in the year	(6,175)	-	(12,728)	(23,096)	(4,002)	-	-	(46,001)
Exchange difference	-	-	-	-	-	-	-	-
At 30 June 2014	<u>384,723</u>	<u>67,459</u>	<u>308,237</u>	<u>35,645</u>	<u>406,985</u>	<u>548,488</u>	<u>21,239</u>	<u>1,772,777</u>
Accumulated depreciation								
At 1 January 2014	216,013	39,661	228,479	43,636	124,429	-	-	652,218
Charge for the year	26,453	10,293	15,334	2,033	3,874	-	-	57,987
Disposal in the year	(5,829)	-	(677)	(21,611)	-	-	-	(28,117)
Exchange difference	-	-	-	-	-	-	-	-
At 30 June 2014	<u>236,638</u>	<u>49,955</u>	<u>243,136</u>	<u>24,058</u>	<u>128,303</u>	<u>-</u>	<u>-</u>	<u>682,088</u>
Carrying amount								
At 30 June 2014	<u>148,085</u>	<u>17,505</u>	<u>65,101</u>	<u>11,587</u>	<u>278,682</u>	<u>548,488</u>	<u>21,239</u>	<u>1,090,689</u>

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

19. Property, plant and equipment

Company	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost								
At 1 January 2013	237,830	35,388	163,974	28,997	255,158	405,966	21,239	1,127,313
Additions	2,500	1,862	11,090	10,548	-	-	-	26,000
Revaluation surplus	-	-	-	-	35,028	117,015	-	152,043
Transfer/Reclassifications	(12,930)	-	-	-	-	-	-	(12,930)
At 31 December, 2013	<u>227,400</u>	<u>37,250</u>	<u>175,064</u>	<u>39,545</u>	<u>290,186</u>	<u>522,981</u>	<u>21,239</u>	<u>1,292,426</u>
Accumulated depreciation								
At 1 January 2013	68,503	22,260	118,327	23,551	15,893	-	-	248,534
Charge for the period	37,745	3,457	14,239	3,473	5,103	-	-	64,017
Disposal in the period	(10,274)	-	-	-	-	-	-	(10,274)
At 31 December, 2013	<u>95,974</u>	<u>25,717</u>	<u>132,566</u>	<u>27,024</u>	<u>20,996</u>	<u>-</u>	<u>-</u>	<u>302,277</u>
Carrying amount								
At 31 December 2013	<u>131,426</u>	<u>11,533</u>	<u>42,498</u>	<u>12,521</u>	<u>269,190</u>	<u>522,981</u>	<u>21,239</u>	<u>1,011,388</u>
Valuation/Cost								
At 1 January 2014	227,400	37,252	175,065	39,545	290,184	522,981	21,239	1,313,666
Additions	1,650	3,218	9,302	1,100	1,831	-	-	17,101
Revaluation surplus	-	-	-	-	-	-	-	-
Disposal in the year	(6,175)	-	-	(5,000)	-	-	-	(11,175)
At 30 June 2014	<u>222,875</u>	<u>40,470</u>	<u>184,367</u>	<u>35,645</u>	<u>292,015</u>	<u>522,981</u>	<u>21,239</u>	<u>1,319,592</u>
Accumulated depreciation								
At 1 January 2014	95,975	25,719	132,567	27,025	20,996	-	-	302,280
Charge for the year	18,239	1,938	7,713	2,033	2,902	-	-	32,824
Disposal in the year	(5,829)	-	-	(5,000)	-	-	-	(10,829)
At 30 June 2014	<u>108,385</u>	<u>27,656</u>	<u>140,280</u>	<u>24,057</u>	<u>23,898</u>	<u>-</u>	<u>-</u>	<u>324,276</u>
Carrying amount								
At 30 June 2014	<u>114,489</u>	<u>12,814</u>	<u>44,087</u>	<u>11,588</u>	<u>268,117</u>	<u>522,981</u>	<u>21,239</u>	<u>995,316</u>

- 19.1 The land and buildings of the group were revalued on 31 December 2013 by Messrs Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N978,000,000 (31December 2012: N937,000,000.00). The surplus arising from the revaluation was credited to the revaluation reserve through the other comprehensive income. Subsequent additions are stated at cost.
- 19.2 As stipulated in the Paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions, the revaluation surplus of N337,873,117 (31 December 2012: N541,865,603) (difference between the market and the historical values of the eligible property, plant and equipment being revalued) has been discounted by 55%. Therefore, the amount of N152,042,902 (31 December 2012:N243,839,521) has been recognised in the revaluation reserve.

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	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
20. Intangible assets				
Computer software				
Cost				
Additions	38,264	33,187	38,126	33,187
	<u>38,264</u>	<u>33,187</u>	<u>38,126</u>	<u>33,187</u>
Amortisation				
Amortisation charge	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount				
At 31 December	<u>38,264</u>	<u>33,187</u>	<u>38,126</u>	<u>33,187</u>
Amortisation has not been charged for the year as the software is yet to be put into use by the Company as at year end.				
The software is not internally generated.				
21. Balance due to banks				
First City Monument Bank Plc	619	-	619	-
Access Bank	20,126		20,126	
Diamond Bank Plc	322,138	383,050	322,138	333,865
Fidelity Bank Plc	63,544	47,772	63,544	47,772
Zenith Bank Plc	9,962	13,789	9,940	13,789
First Bank of Nigeria Limited	172,130	194,695	172,130	194,695
FSDH	970		970	
Union Bank Plc	4,705	-	4,705	-
	<u>594,194</u>	<u>639,306</u>	<u>594,172</u>	<u>590,121</u>
22. Commercial notes				
Institutional clients	774,794	664,449	774,794	664,449
Individual clients	2,685,993	2,309,694	2,685,993	2,303,458
	<u>3,460,787</u>	<u>2,974,143</u>	<u>3,460,787</u>	<u>2,967,907</u>
22.1 Analysis of commercial notes				
Current	3,460,787	2,309,694	3,460,787	2,967,907
Non-current	-	-	-	-
	<u>3,460,787</u>	<u>2,309,694</u>	<u>3,460,787</u>	<u>2,967,907</u>
23. Other liabilities				
Financial liabilities:				
Security deposits	56,861	71,708	21,945	22,196
Statutory deductions (WHT, PAYE)	250,781	214,012	188,480	147,076
Intercompany balances	-	-	25,732	68,729
Accounts payable	777,717	878,071	410,156	404,689
Payments received on account	736,404	487,219	736,404	487,219
Deferred rental income	596	11,625	596	11,625
	<u>1,822,358</u>	<u>1,662,635</u>	<u>1,383,313</u>	<u>1,141,534</u>
Non-financial liabilities:				
Provision and accruals	187,671	227,496	92,423	95,974
Total other liabilities	<u>2,010,030</u>	<u>1,890,131</u>	<u>1,475,737</u>	<u>1,237,508</u>
24. Deferred maintenance charge				
At the end of the year	<u>2,636,590</u>	<u>2,828,059</u>	<u>2,636,590</u>	<u>2,828,059</u>
24.1	Deferred maintenance charge relates to estimate for maintenance obligations on fleet managements under finance lease arrangement. The reimbursements are included in finance lease receivables from customers, while the maintenance charge is recognised in the income statement over the tenor of the fleet management contracts.			

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	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
25. Taxation				
25.1 Income tax charge				
Income tax	48,475	64,290	41,868	58,290
Education tax	7,252	11,371	7,252	11,117
Technology tax	-	3,583	-	3,583
Current income tax	55,727	79,244	49,120	72,990
Current income tax credit	-	10,734	-	-
Deferred tax credit	-	(3,151)	-	-
Deferred tax charge	-	56,099	-	-
Income tax	55,727	142,926	49,120	72,990
Reconciliation of effective tax rate				
Profit before tax				
Tax calculated using the domestic corporation tax rate of 30% (31 December 2012 : 30%)	35,620	91,357	72,338	107,491
Effect of tax rates in foreign jurisdictions	4,185	10,734	-	-
Tax income exempt	(90,674)	(232,561)	(156,505)	(232,561)
Non-deductible expenses	143,903	369,082	220,622	327,836
Effect of education tax levy	4,433	11,371	7,481	11,117
Effect of technology tax levy	1,397	3,583	2,411	3,583
Effect of minimum tax	1,844	4,729	-	-
Effect of disposal of items of PPE	(6,175)	(15,837)	(10,658)	(15,837)
Tax reliefs	(38,806)	(99,530)	(86,569)	(128,639)
Total income tax	55,727	142,928	49,120	72,990
25.2 Current income tax liability				
At the beginning of the year	208,808	129,564	191,822	118,832
Charge for the year (Note 25.1)	55,727	79,244	49,120	72,990
Payments during the year	(31,590)	-	(25,556)	-
At the end of the year	232,945	208,808	215,386	191,822
25.3 Deferred income tax assets				
At the beginning of the year	(884,244)	(863,612)	(813,120)	(813,120)
Charge in the year (Note 25.1)	-	37,280	-	-
Prior year adjustment	-	(57,912)	-	-
At the end of the year	(884,244)	(884,244)	(813,120)	(813,120)
25.3.1 Analysis of deferred income tax assets				
Property, plant and equipment	(884,244)	(884,244)	(813,120)	(813,120)
Allowance for loan and other assets losses	-	-	-	-
	(884,244)	(884,244)	(813,120)	(813,120)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
26. Borrowings				
Term loans (Note 26.1)	3,687,869	4,090,647	3,687,869	4,090,647
Finance lease facilities (Note 26.2)	3,079,010	2,715,866	1,887,919	1,862,753
Redeemable bonds (Note 26.3)	743,645	848,089	743,645	848,089
	<u>7,510,523</u>	<u>7,654,602</u>	<u>6,319,432</u>	<u>6,801,489</u>
The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (December 2013 : Nil).				
26.1 Term loans				
First City Monument Bank Plc (Note 26.1.3)	1,923,239	2,122,240	1,923,239	2,122,240
Fidelity Bank (Note 26.1.4)	457,422	560,720	457,422	560,720
ABSA Bank Limited, South Africa (Note 26.1.5)	651,083	651,083	651,083	651,083
ATRADIUS Facility	-	-	-	-
Diamond Bank Plc (Note 26.1.6)	656,126	756,604	656,126	756,604
	<u>3,687,869</u>	<u>4,090,647</u>	<u>3,687,869</u>	<u>4,090,647</u>
26.1.1 Analysis of term loans				
Current	1,672,072	1,854,691	1,672,072	1,854,691
Non-current	2,015,797	2,235,956	2,015,797	2,235,956
	<u>3,687,869</u>	<u>4,090,647</u>	<u>3,687,869</u>	<u>4,090,647</u>
26.1.2 First City Monument Bank Plc				
Facility represents US \$15,725,000 (N2,500,000,000) term loan secured from First City Monument Bank Plc on 2 December 2011 for a period of 66 months with a moratorium of 9 months on principal, to finance acquisition of crew and tug boats. The interest on the loan is 9% per annum Dollar interest rate. The loan is secured by mortgage on the boats being financed.				
26.1.3 Fidelity Bank Plc				
Facility represents N734,000,000 term loan secured from Fidelity Bank Plc on 7 December 2012 for a period of 30months effective from October 2013. The interest on the loan is 16% per annum.				
26.1.4 ABSA Bank Limited, South Africa				
Facility represents US Dollar 4,195,120 term loan secured from ABSA Bank Limited South Africa under a loan agreement dated 5 December 2012 for a period of four years from draw down date. The interest on the loan is London Inter Bank Offered Rate (LIBOR) plus 2.5% per annum. The loan is secured by mortgage on the boats being financed.				
26.1.5 Diamond Bank Plc				
Facility represents N770,000,000 term loan secured from Diamond Bank Plc under a loan agreement dated 1 March 2013 for a period of three years effective 2 December 2012. The interest on the loan is 18% per annum. The facility is required to enable the Company meets its financial obligations on outsourcing services.				

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	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
26.2 Finance lease facilities				
Diamond Bank Plc (Note 26.2.2)	712,161	873,950	712,161	873,950
Stanbic IBTC Bank (Note 26.2.3)	727,180	407,453	175,467	207,360
First Bank Nigeria Ltd (Note 26.2.4)	309,404	423,780	309,404	407,034
Access Bank Plc (Note 26.2.5)	423,942	45,066	420,045	32,969
Leadway Assurance Company Ltd (Note 26.2.6)	162,908	164,869	-	-
Lotus Capital Limited (Note 26.2.7)	34,315	72,439	34,315	72,439
United Bank for Africa (Note 26.2.8)	245,734	59,834	23,751	46,035
Golden Cedar, Ghana (Note 26.2.9)	69,266	135,367	-	-
Barclays Bank Ghana (Note 26.2.10)	53,346	96,910	-	-
FSDH Merchant Bank Ltd (Note 26.2.11)	212,776	222,966	212,776	222,966
Intercontinental Bank, Ghana	109,613	158,621	-	-
Others	18,364	54,611	-	-
	3,079,010	2,715,866	1,887,919	1,862,753
26.2.1 Analysis of finance lease facility				
Current	1,914,749	1,688,920	1,500,137	1,480,138
Non-current	1,164,261	1,026,946	387,783	382,613
	3,079,010	2,715,866	1,887,919	1,862,751
26.2.2 Diamond Bank Plc				
Facility represents N1.5 billion consumer lease finance facility secured from Diamond Bank Plc in April 2009 for a period of four years, to finance up to 90% of various lease facilities availed by C&I to its clients. The interest payable on the facility is 18% per annum. The facility was secured by legal ownership of assets finance under the lease contract.				
26.2.3 Stanbic IBTC Bank Plc				
Facility represents N700 million finance lease facility secured from Stanbic IBTC Bank Limited in February 2010 for a period of three years. The interest on the facility is 18% per annum. The facility was secured by legal ownership of assets finance under the lease contract.				
26.2.4 First Bank Nigeria Limited				
This relates to N2 billion equipment lease facility secured from First Bank Nigeria Limited on 10 February 2011 for a period of four years. The interest on the facility is 18% per annum. The facility is in tranches and the Company makes equity contribution of 20% on each tranche drawn. The facility was secured by corporate guarantee of C&I Leasing.				
26.2.5 Access Bank Plc				
Facility represents N90.5 million and N44.75 million vehicle finance lease secured from Access Bank in June 2011 and May 2012 respectively for a period of three years. The interest on the lease facility is payable monthly at 17% per annum. The facility was secured by legal ownership of the leased assets.				
26.2.6 Leadway Assurance Company Limited				
Facility represents N147 million finance lease facility secured by Citrans Global Limited from Leadway Assurance Company for a period of four years. The interest on the facility is 18% per annum and was secured by corporate guarantee of C&I Leasing Plc.				
26.2.7 Lotus Capital Limited				
This represents N200 million Murabaha facility secured from Lotus Capital Limited under the Murabaha agreement of 7 September 2011 for a period of three years. The interest on the facility is 16.02% per annum.				

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26.2.8 United Bank for Africa Plc

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

26.2.9 Golden Cedar, Ghana

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

26.2.10 Barclays Bank of Ghana

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

26.2.11 FSDH Merchant Bank Limited

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

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
26.3 Redeemable bonds				
First Pension Custodian Ltd	268,978	306,756	268,978	306,756
First Securities Discount House Ltd	395,555	451,111	395,555	451,111
UBA Pension Custodian Ltd	79,111	90,222	79,111	90,222
	<u>743,645</u>	<u>848,089</u>	<u>743,645</u>	<u>848,089</u>
26.3.1 Analysis of redeemable bonds				
Current	183,164	208,889	183,164	208,889
Non-current	560,481	639,200	560,481	639,200
	<u>743,645</u>	<u>848,089</u>	<u>743,645</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 notes issued by subscribers (as indicated above) on 30 November 2012 for a period of five years. Interest on the notes is payable at 18% per annum. The loan is repayable at six monthly intervals over a period of five years commencing from 31 May 2013. The loan is direct, unconditional and secured obligation of C&I Leasing.

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

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
27. Retirement benefit obligations				
Defined contribution pension plan (Note 27.1)	97,744	24,288	97,744	24,288
	<u>97,744</u>	<u>24,288</u>	<u>97,744</u>	<u>24,288</u>
27.1 Defined contribution pension plan				
At the beginning of the year	24,288	164,669	24,288	164,669
Contribution during the year	213,499	420,046	213,499	420,046
Remittance during the year	(140,043)	(560,427)	(140,043)	(560,427)
At the end of the year	<u>97,744</u>	<u>24,288</u>	<u>97,744</u>	<u>24,288</u>

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

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	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 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>
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>
29. Deposit for shares				
At the beginning of the year	1,937,850	1,951,350	1,937,850	1,951,350
Addition during the year		-		-
Exchange difference		(13,500)		(13,500)
At the end of the year	<u>1,937,850</u>	<u>1,937,850</u>	<u>1,937,850</u>	<u>1,937,850</u>

This represents US\$10,000,000 unsecured variable coupon convertible notes issued by Aureos Africa LLC on 11 January 2010 for a period of five years. The interest to be paid on notes is equivalent, in any year, to dividend declared by C&I Leasing and payable on the equivalent number of ordinary shares underlying the loan stock. The Company is in the process of converting the notes to its equity and has elected to include the notes in equity as

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
30. Statutory reserve				
At the beginning of the year	572,935	460,532	510,952	425,359
Transfer from income statement	<u>123,660</u>	<u>112,403</u>	<u>112,833</u>	<u>85,593</u>
At the end of the year	<u>696,595</u>	<u>572,935</u>	<u>623,785</u>	<u>510,952</u>

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

	Group		Company	
	30 June 2014 N'000	31 December 2013 N'000	30 June 2014 N'000	31 December 2013 N'000
31. Statutory credit reserve				
At the beginning of the year	48,447	16,648	31,799	
Arising in the year		31,799		31,799
At the end of the year	<u>48,447</u>	<u>48,447</u>	<u>31,799</u>	<u>31,799</u>

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

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	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	N'000	N'000	N'000	N'000
32. Retained earnings				
At the beginning of the year	509,704	502,787	1,648,813	1,513,231
Dividend declared and paid	(2,348)	(32,340)	(2,348)	(32,340)
Transfer from income statement	250,243	39,257	263,277	167,922
At the end of the period	757,599	509,704	1,909,742	1,648,813

33. Foreign currency translation reserve

At the beginning of the year	30,327	100,631		
Arising in the year	2,581	(70,304)	-	
At the end of the period	32,908	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 of the year	4,394	3,510	4,394	3,510
Gain arising in the year		884		884
At the end of the period	4,394	4,394	4,394	4,394

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

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	N'000	N'000	N'000	N'000
35. Revaluation reserve				
At the beginning of the year	395,882	243,840	395,882	243,840
Arising during the year		152,042		152,042
At the end of the period	395,882	395,882	395,882	395,882

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

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

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	N'000	N'000	N'000	N'000
36. Non controlling interest				
At the beginning of the year	130,872	152,734		
Share of profit from Leaseafric Ghana	5,403	4,014		
Share of loss from Citrans Global	(10,301)	(25,876)		
At the end of the period	125,974	130,872	-	-
37. Cash and cash equivalents				
Cash and balances with banks (Note 10)	663,267	979,909	502,846	820,466
Balance due to banks (Note 21)	(594,194)	(639,306)	(594,172)	(590,121)
	69,073	340,603	(91,327)	230,345

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	Group		Company	
	30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
	N'000	N'000	N'000	N'000
38. Impairment charge				
Finance lease receivables	(3,026)	(34,643)	2,330	(11,150)
Lease rental due	(67,558)	(27,082)	(3,056)	(60,887)
Loans and advances	2,274	18,826	2,274	1,457
Other assets	31,232	43,564	37,448	34,304
Inventory	(785)			-
Per income statement	(37,862)	665	38,997	(36,276)

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

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

Group						
	Inventory N'000	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000	Other assets N'000	Total N'000
At 1 January 2013						
Specific impairment	1,502	49,689	181,210	-	516,927	749,328
Collective impairment	-	-	1,271	161,394	105,513	268,178
	1,502	49,689	182,481	161,394	622,440	1,017,506
Additional provision						
Specific impairment	-	17,369	33,805	-	65,152	116,326
Collective impairment	-	2,387	6,805	-	-	9,192
No longer required	-	(930)	(67,692)	(34,643)	(21,589)	(124,854)
Income statement	-	18,826	(27,082)	(34,643)	43,563	664
Written off	-	-	-	-	-	-
At 31 December 2013						
Specific impairment	1,502	66,128	215,015	-	582,079	864,724
Collective impairment	-	2,387	8,076	110,880	83,924	205,267
	1,502	68,515	223,091	110,880	666,003	1,069,991
Additional provision						
Specific impairment	-	-	-	-	3,377	-
Collective impairment	-	-	-	-	-	-
No longer required	-	54,599	7,842	(51,978)	-	-
Income statement	-	-	-	-	-	-
Written off	-	-	-	-	-	-
At 30 June 2014						
Specific impairment	1,502	11,529	215,249	-	585,456	813,736
Collective impairment	-	2,387	-	58,902	83,924	145,213
	1,502	13,916	215,249	58,902	669,380	958,949

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

Company

	Loans and advances N'000	Lease rental due N'000	Finance lease receivables N'000	Other assets N'000	Total N'000
At 1 January 2013					
Specific impairment	14,733	157,175	-	493,278	665,186
Collective impairment	-	1,271	60,624	105,513	167,408
	<u>14,733</u>	<u>158,446</u>	<u>60,624</u>	<u>598,791</u>	<u>832,594</u>
Additional impairment					
Specific impairment	-	-	-	55,893	55,893
Collective impairment	2,387	6,805	-	-	9,192
No longer required	(930)	(67,692)	(11,150)	(21,589)	(101,361)
Income statement	<u>1,457</u>	<u>(60,887)</u>	<u>(11,150)</u>	<u>34,304</u>	<u>(36,276)</u>
Written off	-	-	-	-	-
At 31 December 2013					
Specific impairment	13,803	89,483	-	549,171	652,457
Collective impairment	2,387	8,076	49,474	83,924	143,861
	<u>16,190</u>	<u>97,559</u>	<u>49,474</u>	<u>633,095</u>	<u>796,318</u>
Additional provision					
Specific impairment	-	-	-	-	-
Collective impairment	-	56,492	-	33,460	89,952
No longer required	(2,274)	(53,437)	(2,330)	(70,907)	(128,948)
Income statement	<u>(2,274)</u>	<u>3,055</u>	<u>(2,330)</u>	<u>(37,447)</u>	<u>(38,996)</u>
At 30 June 2014					
Specific impairment	11,529	36,046	-	478,264	525,839
Collective impairment	2,387	64,568	47,144	117,384	231,483
	<u>13,916</u>	<u>100,614</u>	<u>47,144</u>	<u>595,648</u>	<u>757,322</u>

	Group		Company	
	30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
	N'000	N'000	N'000	N'000
39. Lease rental income				
Finance lease/operating lease	3,611,760	3,057,662	3,114,262	2,472,845
	<u>3,611,760</u>	<u>3,057,662</u>	<u>3,114,262</u>	<u>2,472,845</u>
40. Lease interest expense				
Finance lease interest	385,255	442,735	223,799	222,858
Commercial notes interest	204,128	173,638	204,128	173,638
Term loans interest	259,011	242,039	241,397	242,039
	<u>848,395</u>	<u>858,413</u>	<u>669,324</u>	<u>638,536</u>
41. Outsourcing income				
Outsourcing rental	2,086,831	2,403,729	2,086,831	2,403,729
Outsourcing service expense	(1,651,607)	(1,695,766)	(1,651,607)	(1,682,282)
	<u>435,224</u>	<u>707,963</u>	<u>435,224</u>	<u>721,447</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

	Group		Company	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
42. Vehicle sales				
Vehicles	231,838	152,550	-	-
Accessories	31,556	30,306	-	-
Others	27,926	8,769	-	-
	<u>291,320</u>	<u>191,626</u>	<u>-</u>	<u>-</u>
43. Vehicles operating expenses				
Vehicles	189,425	131,630	-	-
Accessories	21,667	10,732	-	-
Others	18,398	5,286	-	-
	<u>229,490</u>	<u>147,648</u>	<u>-</u>	<u>-</u>
44. Tracking and tagging income				
Tracking income	53,167	39,678	-	-
Tagging income	-	-	-	-
	<u>53,167</u>	<u>39,678</u>	<u>-</u>	<u>-</u>
45. Interest income				
Interest on loans and advances	0	28	0	28
Interest on bank deposits	52,157	(42,862)	4,410	228
	<u>52,157</u>	<u>(42,834)</u>	<u>4,410</u>	<u>256</u>
46. Other income				
Gain on sale of operating lease assets (Note 46.1)	115,729	31,251	101,695	23,818
Gain on sale of property, plant and equipment (Note 46.2)	-	-	-	-
Foreign exchange gain	43,001	(16,895)	36,621	(175)
Gain on disposal of finance lease assets (Note 46.3)	-	-	-	-
Gain on disposal of investments securities	-	-	-	-
Insurance claims received	2,717	2,355	2,717	2,355
Insurance income on finance leases	6,204	7,176	6,204	7,176
Investment income	-	11,477	-	-
Advertisement income	40,116	-	-	-
Franchise	-	-	-	-
Service charge	-	-	-	-
Rent received	13,161	10,125	13,161	10,125
Others	27,051	87,724	22,739	87,668
	<u>247,978</u>	<u>133,214</u>	<u>183,137</u>	<u>130,968</u>

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	Group		Company	
	30 JUNE 2014 N'000	30 JUNE 2013 N'000	30 JUNE 2014 N'000	30 JUNE 2013 N'000
47. Operating expenses				
Direct operating expenses	1,114,736	597,311	964,086	521,546
Finance lease assets maintenance	120,613	36,014	89,259	4,332
Finance lease assets insurance	92,287	35,542	92,287	33,670
	<u>1,327,636</u>	<u>668,867</u>	<u>1,145,632</u>	<u>559,547</u>
48. Depreciation expense				
Operating lease assets	517,571	686,192	484,417	477,531
Property, plant and equipment	74,273	109,873	32,824	43,437
	<u>591,843</u>	<u>796,065</u>	<u>517,241</u>	<u>520,968</u>
49. Personnel expense				
Salaries and allowances	588,948	912,409	518,048	831,362
Pension contribution expense	12,753	19,669	9,828	18,623
Training and medical	33,215	92,179	21,460	87,914
	<u>634,915</u>	<u>1,024,256</u>	<u>549,336</u>	<u>937,899</u>
50. Distribution expenses				
Marketing	1,000	-	-	-
Advertising	1,188	-	-	-
	<u>2,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
51. Administrative expenses				
Auditors' remuneration	10,750	8,830	10,750	7,000
Directors' emoluments	7,152	15,962	4,340	2,009
Foreign exchange loss	-	-	-	-
Bank charges	60,629	68,892	49,200	64,792
Fuel and maintenance	240,113	231,771	215,289	217,617
Insurance	19,243	86,486	19,243	84,925
Advert and external relations	13,591	18,339	10,033	3,242
Travel and entertainment	74,130	23,995	46,320	17,460
Legal and professional expenses	47,885	39,290	44,867	30,688
Communications	30,340	23,093	22,634	16,803
Subscriptions	20,068	25,345	11,685	23,524
Bad debts	-	-	-	-
Levies and penalties	3,750	2,798	2,968	2,164
Other administrative expenses	66,764	70,877	31,699	27,052
	<u>594,416</u>	<u>615,677</u>	<u>469,027</u>	<u>497,275</u>

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	Group		Company	
	30 JUNE 2014 N'000	31 December 2013 N'000	30 JUNE 2014 N'000	31 December 2013 N'000
52. Reconciliation of profit after tax to net cash provided by operating activities:				
Profit after taxation	<u>369,005</u>	<u>174,913</u>	<u>395,896</u>	<u>227,443</u>
Adjustment to reconcile profit after tax to net cash provided by operating activities:				
Depreciation of property, plant and equipment	74,273	117,000	32,824	64,017
Depreciation of operating lease assets	517,571	1,244,118	484,417	1,006,089
Impairment charge	37,862	664	(38,997)	(36,276)
Interest on finance lease facilities and loans	848,395	(1,594,976)	669,324	1,417,062
Exchange (gain)/loss	(43,001)	(13,500)	(36,621)	(13,500)
Increase/(decrease) in current income tax liability	55,727	79,244	49,120	72,990
Increase/(decrease) in current income tax assets	-	10,734	-	-
(Decrease)/Increase in deferred income tax assets	-	(20,632)	-	-
(Decrease)/Increase in deferred income tax liability	-	15,668	-	-
Profit on disposal of operating lease assets	(115,729)	(69,657)	(101,695)	(52,425)
Profit on disposal of finance lease assets	-	-	-	-
Profit on disposal of property, plant and equipment	-	(364)	-	(364)
Profit on disposal of investments	-	-	-	-
Foreign currency translation	-	111,495	-	-
Operating profit before changes in operating assets and liabilities	1,375,097	(120,206)	1,058,371	2,457,593
Net decrease/(increase) in operating assets (Note 53)	(353,088)	3,751,061	(1,171,371)	(908,387)
Net increase in operating liabilities (Note 54)	50,182	1,130,233	613,099	732,091
Total adjustments	1,072,190	4,761,088	500,100	2,281,297
Net cash provided by operating activities	1,441,195	4,936,001	895,995	2,508,740
53. Decrease/(increase) in operating assets				
Loans and receivables	(266,349)	(2,765,286)	(817,133)	1,947,811
Finance lease receivables	466,190	1,262,621	232,811	1,090,917
Other assets	(652,753)	5,512,448	(568,451)	(3,947,115)
Inventories	147,079	(66,882)	(18,597)	-
Trade receivables	(47,256)	(191,840)	-	-
	<u>(353,088)</u>	<u>3,751,061</u>	<u>(1,171,371)</u>	<u>(908,387)</u>
54. Increase in operating liabilities				
Commercial notes	486,644	1,287,321	492,880	1,282,286
Trade payables	(428,005)	232,394	-	-
Other liabilities	109,555	388,093	238,232	227,380
Deferred maintenance charge	(191,469)	(637,194)	(191,469)	(637,194)
Retirement benefit obligations	73,456	(140,381)	73,456	(140,381)
	<u>50,182</u>	<u>1,130,233</u>	<u>613,099</u>	<u>732,091</u>

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55. Basic earnings per share

Earnings per share (basic) (EPS) have been computed for each period on the profit after taxation attributable to ordinary shareholders and divided by the weighted average number of issued 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 in December 2013 (December 2012 : Nil).

	Group		Company	
	30 JUNE 2014 N'000	31 December 2013 N'000	30 JUNE 2014 N'000	31 December 2013 N'000
Profit after taxation	388,914	174,913	395,896	227,443
	Number	Number	Number	Number
Number of shares at period end	1,617,010	1,617,010	1,617,010	1,617,010
Time weighted average number of shares in issue	1,617,010	1,617,010	1,617,010	1,617,010
Diluted number of shares	1,617,010	1,617,010	1,617,010	1,617,010
Earnings per share (EPS) (kobo) - basic	24	11	24	14
Earnings per share (EPS) (kobo) - diluted	24	11	24	14
	N'000	N'000	N'000	N'000

56. Information regarding Directors and employees

56.1 Directors

56.1.1 Directors' emoluments

Fees	4,812	15,662	2,000	1,710
Other emoluments	2,340	299	2,340	299
	7,152	15,962	4,340	2,009

56.1.2 Fees and emoluments disclosed above excluding pension contributions include amounts paid to:

The Chairman	1,200	1,200	1,200	1,200
The highest paid Director	9,575	9,575	9,575	9,575

56.1.3 The number of Directors [including the Chairman and the highest paid Director] who received fees and other emoluments [excluding pension contributions] in the following ranges were :

	Number	Number	Number	Number
N240,001 - N400,000	-	8	-	8
N400,001 - N1,550,000	10	2	8	1
N1,550,001 - N5,000,000	1	1	-	1
N5,000,000 - N8,000,000	-	-	1	-
N8,000,001 - N11,000,000	1	1	1	-
	12	12	10	10

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

		Group		Company	
		30 JUNE 2014 Number	31 December 2013 Number	30 JUNE 2014 Number	31 December 2013 Number
56.2 Employees					
56.2.1	The average number of persons employed by the Group during the period was as follows:				
	Managerial	35	35	22	22
	Senior staff	64	64	56	56
	Junior staff	590	590	505	505
		689	689	583	583
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			
	70,001	80,000	-	-	-
	80,001	90,000	-	-	-
	90,001	100,000	-	-	-
	100,001	110,000	-	-	-
	110,001	120,000	-	-	-
	120,001	130,000	-	-	-
	140,001	150,000	-	-	-
	150,001	190,000	-	-	-
	190,001	200,000	-	-	-
	200,001	220,000	-	-	-
	220,001	230,000	-	-	-
	230,001	250,000	-	-	-
	250,001	370,000	184	172	172
	370,001	420,000	318	278	278
	430,001	580,000	88	58	58
	580,001	700,000	26	23	23
	700,001	750,000	18	15	15
	840,001	850,000	20	18	18
	1,000,001	1,100,000	13	6	6
	1,100,001	1,150,000	5	4	4
	1,200,001	1,400,000	6	5	5
	1,500,000	1,550,000	5	4	4
	1,650,000	2,050,000	6	3	3
		689	689	586	586

57. Reclassification of comparative figures

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

58. Events after the reporting date

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

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 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 March 2014 (31 December 2013: Nil).

61. Related party transactions

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

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

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

61.1 Loans and advances to related parties

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

	30 JUNE 2014 N'000	31 December 2013 N'000
Citrans Global Limited	320,420	313,576
C&I Motors Limited	357,130	
Leasafic Ghana Limited	-	9,958
EPIC International FZE, U.AE.	1,676,479	1,460,786
	<u>2,354,030</u>	<u>1,784,320</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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

62. Segment reporting

62.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the period ended 30 June 2014:

	Fleet Management N'000	Finance Leases N'000	Personnel Outsourcing N'000	Marine Services N'000	Total N'000
Gross earnings	2,030,082	33,517	2,115,946	1,209,095	5,388,641
Operating income	1,709,511	13,773	384,353	960,073	3,067,710
Operating expenses	(665,638)	(4,286)	(175,912)	(299,801)	(1,145,637)
Depreciation	(409,153)	(1,358)	(4,144)	(102,586)	(517,241)
Impairment loss	14,106	5,540	8,043	11,308	38,997
Personnel expense	(221,397)	(14,916)	(75,512)	(237,746)	(549,572)
Administrative expenses	(236,716)	(10,235)	(57,447)	(164,630)	(469,027)
Profit before taxation	190,712	(11,482)	79,382	166,617	425,230
Total assets employed	11,966,221	927,735	1,927,081	6,370,300	21,191,336
Interest Expense	317,077	19,744	79,987	249,022	665,830
Earnings Before Interest and Tax	507,789	8,263	159,368	415,640	1,091,060
ROCE (EBIT/Total Asset)	4%	1%	8%	7%	5%

30 JUNE 31 December
2014 2013
N'000 N'000

62.2 Geographical information

1. Revenue

Nigeria	5,824,567	5,932,869
Ghana	406,887	179,561
United Arab Emirates	111,760	-
	6,343,214	6,112,431

2. Total assets

Nigeria	20,207,785	20,342,180
Ghana	1,620,860	1,712,536
United Arab Emirates	349,996	-
	22,178,640	22,054,716

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FINANCIAL SUMMARY - GROUP

	As reported under IFRS				As reported under NGAAP
	31 December 2013 N'000	31 December 2012 N'000	31 January 2012 N'000	31 January 2011 N'000	31 January 2010 N'000
Statement of financial position					
Assets					
Cash and balances with banks	979,909	394,255	455,593	357,607	2,302,120
Loans and receivables	819,485	808,507	605,281	253,951	271,202
Trade receivables	17,219	205,956	241,351	247,068	-
Finance lease receivables	6,123,138	7,351,116	7,164,775	4,227,630	4,176,098
Available for sale assets	25,282	24,401	45,166	46,453	46,688
Other assets	2,833,616	2,383,208	3,133,271	3,380,824	4,150,960
Inventories	833,054	766,172	585,730	626,698	-
Operating lease assets	8,248,911	7,586,359	7,002,655	2,834,758	1,352,210
Property, plant and equipment	1,139,621	1,042,925	727,784	741,508	653,670
Intangible assets	33,187	-	-	709	-
Current income tax assets	373	36,184	-	-	-
Deferred income tax assets	884,244	863,612	675,156	527,376	-
Total assets	21,938,039	21,462,695	20,636,762	13,244,582	12,952,948
Liabilities					
Balance due to banks	639,306	832,682	1,405,004	1,475,880	682,721
Commercial notes	2,974,143	2,129,197	3,065,485	2,347,911	-
Trade payables	537,458	305,064	272,823	114,604	-
Deferred maintenance charge	2,828,059	3,465,253	3,219,497	743,143	324,646
Current income tax liability	208,808	129,564	43,461	48,846	248,435
Other liabilities	1,890,131	1,502,038	1,127,061	745,450	6,359,405
Borrowings	7,654,602	7,967,031	7,174,942	3,877,878	904,779
Convertible bond	-	-	-	-	2,258,085
Retirement benefits obligation	24,288	164,669	205,688	99,420	66,146
Deferred income tax liability	62,802	47,134	7,807	8,412	-
Total liabilities	16,819,597	16,542,632	16,521,768	9,461,544	10,844,217
Equity					
Share capital	808,505	808,505	808,505	808,505	808,505
Share premium	679,526	679,526	679,526	679,526	679,526
Deposit for shares	1,937,850	1,951,350	1,565,500	1,498,500	-
Statutory reserves	572,935	460,532	339,094	321,405	294,817
Statutory credit reserve	48,447	16,648	16,648	1,215	1,215
Retained earnings	509,704	502,787	370,263	335,517	205,229
Exchange translation reserve	30,327	100,631	183,184	-	-
AFS fair value reserve	4,394	3,510	(1,522)	(235)	-
Revaluation reserve	395,882	243,840	-	-	-
	4,987,570	4,767,329	3,961,198	3,644,433	1,989,292
Non-controlling interest	130,872	152,734	153,796	138,605	119,439
Total equity	5,118,442	4,920,063	4,114,994	3,783,038	2,108,731
Total liabilities and equity	21,938,039	21,462,695	20,636,762	13,244,582	12,952,948

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FINANCIAL SUMMARY - GROUP

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

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FINANCIAL SUMMARY - COMPANY

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

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FINANCIAL SUMMARY - COMPANY

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