

**Nigerian Aviation Handling Company PLC**  
**Financial Statements -- Q1 2017**

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## Consolidated and Separate Statement of Comprehensive Income

For the quarter ended 31-March, 2017

	Notes	Group		Company	
		Mar 2017 N'000	Mar 2016 N'000	Mar 2017 N'000	Mar 2016 N'000
Revenue	5	1,786,155	1,854,270	1,735,602	1,825,324
Operating costs	9a	(1,312,873)	(1,394,200)	(1,349,963)	(1,418,861)
<b>Gross Profit</b>		473,281	460,070	385,639	406,463
Other gain & (loss)	6	92,270	125,391	66,393	125,391
Selling & Administrative expenses	9	(535,427)	(490,541)	(453,875)	(442,267)
<b>Profit from operations</b>		30,124	94,920	(1,843)	89,587
Net Finance costs		(29,098)	(92,822)	(5,654)	(68,710)
<b>Profit / (Loss) before tax</b>		1,026	2,098	(7,497)	20,877
Income tax expense	8(a)	-	(4,593)	-	(4,593)
<b>Profit after tax</b>		1,026	(2,495)	(7,497)	16,284
Other comprehensive income		-		-	
<b>Total comprehensive income</b>		1,026	(2,495)	(7,497)	16,284
<b>Profit attributable to owners of the company</b>		1,026	(2,495)	(7,497)	16,284
Non-controlling interest	9(a)	1,392	3,007	-	
<b>attributable to owners of the company:</b>		2,418	512	(7,497)	16,284
<b>Total Comprehensive Income for the period</b>		2,418	512	(7,497)	16,284
<b>Earnings per share</b>					
Basic earnings per share ( Kobo)	10	0	0	(0)	1

**Consolidated and Separate Statement of Financial Position**  
For the quarter ended 31-March, 2017

	Notes	Group		Company	
		Mar 2017 N'000	December 2016 N'000	Mar 2017 N'000	December 2016 N'000
<b>Assets</b>					
Property, plant and equipment	12	6,150,912	6,348,741	4,829,673	4,991,025
Intangible assets	13	214,590	222,597	120,969	128,975
Investment property	14	134,532	135,329	134,532	135,329
Investment in subsidiaries	15	-	-	39,500	39,500
Deposit for shares	16	-	-	1,554,538	1,554,538
Loan to Subsidiary	17	-	-	672,367	330,177
Other non-current assets	18	256,932	89,990	256,932	89,990
<b>Total non-current assets</b>		<u>6,756,967</u>	<u>6,796,656</u>	<u>7,608,511</u>	<u>7,269,534</u>
<b>Current assets</b>					
Inventories	19	192,506	197,538	192,506	197,538
Trade and other receivables	21	1,518,129	1,286,212	1,491,667	1,264,843
Intercompany receivables	22	-	-	797,260	861,884
Loan to Subsidiary		-	-	95,615	439,069
Prepayments	20	1,840,355	1,423,431	781,315	378,117
Cash and cash equivalents	23	2,394,107	2,930,747	2,211,779	2,663,797
<b>Total current assets</b>		<u>5,945,097</u>	<u>5,837,929</u>	<u>5,570,143</u>	<u>5,805,248</u>
<b>Total assets</b>		<u>12,702,063</u>	<u>12,634,586</u>	<u>13,178,654</u>	<u>13,074,782</u>
<b>Equity</b>					
Share capital	24	812,109	812,109	812,109	812,109
Share premium	25	1,914,758	1,914,758	1,914,758	1,914,758
Retained earnings	27	3,751,234	3,748,817	4,331,268	4,338,761
<b>Total equity attributable to equity holders of the Company</b>		<u>6,478,101</u>	<u>6,475,684</u>	<u>7,058,135</u>	<u>7,065,628</u>
Non-controlling interests	28	(124,742)	(123,350)	-	-
<b>Total equity</b>		<u>6,353,359</u>	<u>6,352,334</u>	<u>7,058,135</u>	<u>7,065,628</u>
<b>Liabilities</b>					
Loans and borrowings	29	1,130,073	1,130,073	1,130,073	1,130,073
Deferred tax liabilities	8C	1,062,474	1,062,474	1,062,474	1,062,474
<b>Total non-current liabilities</b>		<u>2,192,547</u>	<u>2,192,547</u>	<u>2,192,547</u>	<u>2,192,547</u>
Current tax liabilities	8B	325,608	325,608	325,608	325,608
Trade and other payables	30	3,375,712	3,239,288	3,279,466	3,142,161
Deferred Income	31	177,297	247,268	45,358	71,298
Loans and borrowings	29	277,540	277,540	277,540	277,540
<b>Total current liabilities</b>		<u>4,156,157</u>	<u>4,089,704</u>	<u>3,927,972</u>	<u>3,816,607</u>
<b>Total liabilities</b>		<u>6,348,704</u>	<u>6,282,251</u>	<u>6,120,519</u>	<u>6,009,154</u>
<b>Total equity and liabilities</b>		<u>12,702,063</u>	<u>12,634,586</u>	<u>13,178,654</u>	<u>13,074,782</u>

  
**NIGERIAN AVIATION HANDLING COMPANY PLC**  
 M.M International Airports  
 Mr. Norbert Bielderman  
 Managing Director  
 FRC/2015/IODN/00000011580

Mr. Hamidele Adelaja  
 Chief Finance Officer  
 FRC/2016/ICAN/00000013885

## Consolidated Statement of changes in equity

For the quarter ended 31-March, 2017

	<u>Attributable to equity holders of the Group</u>					Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Dividend Reserves	Retained Earnings	Total		
	N'000	N'000	N'000	N'000	N'000		
<b>Balance at 01 January 2017</b>	<b>812,109</b>	<b>1,914,758</b>	-	<b>3,748,817</b>	<b>6,475,684</b>	<b>(123,350)</b>	<b>6,352,334</b>
<b>Comprehensive income for the period</b>							
Profit / (Loss) for the period	-	-	-	2,418	2,418	(1,392)	<b>1,026</b>
<b>Other comprehensive income:</b>							
Defined benefit plan actuarial gains (losses)	-	-	-	-	-	-	-
Prior year deferred tax adjustment	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,418</b>	<b>2,418</b>	<b>(1,392)</b>	<b>1,026</b>
<b>Transaction with owners recognised directly in equity</b>							
Dividend paid to owners	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31st March 2017</b>	<b>812,109</b>	<b>1,914,758</b>	-	<b>3,751,235</b>	<b>6,478,102</b>	<b>(124,742)</b>	<b>6,353,360</b>

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## Consolidated Statement of changes in equity

For the quarter ended 31-March, 2016

	<u>Attributable to equity holders of the Group</u>					Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Dividend Reserves	Retained Earnings	Total		
	N'000	N'000	N'000	N'000	N'000		
<b>Balance at 01 January 2016</b>	<b>812,109</b>	<b>1,914,758</b>	<b>324,844</b>	<b>3,169,905</b>	<b>6,221,616</b>	<b>(125,157)</b>	<b>6,096,459</b>
<b>Comprehensive income for the period</b>							
Profit / (Loss) for the period	-	-	-	512	512	(3,007)	<b>(2,495)</b>
<b>Other comprehensive income:</b>							
Defined benefit plan actuarial gains (losses)	-	-	-	-	-	-	-
Prior year deferred tax adjustment	-	-	-	-	-	-	-
Restated Balance	-	-	-	5,089	5,089	-	<b>5,089</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,089</b>	<b>5,089</b>	<b>-</b>	<b>5,089</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,601</b>	<b>5,601</b>	<b>(3,007)</b>	<b>2,594</b>
<b>Transaction with owners recognised directly in equity</b>							
Dividend to owners	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31st March 2016</b>	<b>812,109</b>	<b>1,914,758</b>	<b>324,844</b>	<b>3,175,506</b>	<b>6,227,217</b>	<b>(128,164)</b>	<b>6,099,054</b>

## Consolidated and Separate Statement of Cash Flows

For the quarter ended 31-March, 2017

Notes	Group		Company	
	Mar 2017	Mar 2016	Mar 2017	Mar 2016
	N'000	N'000	N'000	N'000
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) for the year	30,124	116,080	(1,843)	89,587
<i>Adjustments for non-cash income and expense:</i>				
Income tax expense	-	-	-	-
Depreciation: PPE	12 203,839	245,553	164,412	204,694
Depreciation: Investment property	14 797	547	797	547
Amortisation of intangible asset	13 8,983	8,227	8,983	8,227
Impairment (gain) to trade receivables	32 -	-	-	-
Derecognised Investment Property	-	-	-	-
Loss/(gain) on disposal of PPE	(3,505)	-	(3,505)	-
Adjustments/ Library stock written off	-	-	-	-
<b>Adjustments:</b>				
Adjustments/ Library stock written off	-	-	-	-
	<u>240,238</u>	<u>370,407</u>	<u>168,844</u>	<u>303,055</u>
<i>Changes in operating assets and liabilities:</i>				
(Increase)/Decrease in inventories	19 5,032	(10,225)	5,032	(10,225)
(Increase)/Decrease in trade and other receivables	21 (231,917)	9,409	(226,824)	28,085
(Increase)/Decrease in prepayments	20 (416,923)	(600,625)	(403,198)	(453,896)
(Decrease)/increase in trade and other payables	30 136,424	1,151,625	137,305	1,115,388
(Decrease)/increase in deferred revenue	31 (69,971)	(50,027)	(25,940)	(20,863)
	<u>(577,356)</u>	<u>500,157</u>	<u>(513,626)</u>	<u>658,489</u>
Cash generated from operations	<b>(337,118)</b>	<b>870,564</b>	<b>(344,782)</b>	<b>961,544</b>
Taxation paid	8(b) (0)	(58,684)	(0)	(58,684)
<b>Net cash inflow provided by operating activities</b>	<b>(337,118)</b>	<b>811,880</b>	<b>(344,782)</b>	<b>902,860</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of property, plant and equipment	12 (15,787)	(270,108)	(12,836)	(263,538)
Proceeds from disposal of property, plant and equipment	13 13,282	10,815	13,282	10,815
Deposit for Shares	16 -	-	-	-
Acquisition of intangible assets	13 (977)	-	(977)	-
Acquisition of Investment properties	-	-	-	-
Derecognition of Accumulated Depreciation	-	-	-	-
Bond repayment fund	18 (166,942)	(731,424)	(166,942)	(731,424)
Non-Controlling Interests	-	-	-	-
Loan granted	-	-	1,264	-
Interest received	7 30,916	92,558	53,932	116,462
Increase in investment in Subsidiary	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(139,507)</b>	<b>(892,884)</b>	<b>(112,276)</b>	<b>(867,685)</b>
<b>Cash flows from financing activities</b>				
Loans and borrowing restated at amortised cost	29 -	19,576	-	19,576
Intercompany	-	-	64,624	(109,079)
Interest paid on Bond	7 (60,014)	(185,172)	(59,586)	(185,172)
Loan and borrowings	27 -	-	-	-
Dividends paid	-	-	-	-
<b>Net cash outflow from financing activities</b>	<b>(60,014)</b>	<b>(165,596)</b>	<b>5,038</b>	<b>(274,675)</b>
Net increase in cash and cash equivalents	(536,639)	(246,600)	(452,020)	(239,500)
Cash at bank and in hand, beginning of year	2,930,747	2,186,025	2,663,797	2,037,847
Effect of exchange rate fluctuations on cash held	-	-	-	-
Cash at bank and in hand, end of Period	<b>2,394,107</b>	<b>1,939,425</b>	<b>2,211,779</b>	<b>1,798,347</b>
<b>Cash and Cash Equivalents</b>				
This comprises:				
Cash at bank and in hand	2,004,403	680,117	1,854,175	566,884
Fixed deposit	189,704	1,209,308	157,604	1,181,463
Treasury Bills	200,000	50,000	200,000	50,000
	<u>2,394,107</u>	<u>1,939,425</u>	<u>2,211,779</u>	<u>1,798,347</u>

# Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

## 1. Reporting entity

Nigerian Aviation Handling Company PLC ("nahco aviance" or "the Company") is a company domiciled in Nigeria with its registered office at Murtala Muhammed International Airport, Ikeja, Lagos. The consolidated financial statements of the Company for the period ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in provision of services including aircraft handling, cargo handling, passenger handling, passenger profiling, crew transportation, energy and power distribution and leasing of ground handling equipment.

## 2. Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 26th April 2017.

### (b) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Parent's functional currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

### (c) Basis of measurement

These financial statements are prepared on the modified historical cost basis.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Basis of Consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *Transactions eliminated on consolidation*

Intra- company balances, and income and expenses (except for foreign currency translation gains or losses) arising from intra- company transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The control status of the parent is assessed annually

#### (b) Foreign currency

##### *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated to the functional currency at exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the functional currency translated at the exchange rate at the end of the year.

#### (c) Property, plant and equipment

##### *Recognition and measurement*

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

##### *Subsequent costs*

The cost of replacing part of an item of property or plant is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.



## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and available for use. Depreciation ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

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

Buildings	50 years
Land	Over the lease period
Computer hardware	3-10 years
Furniture, fittings & equipment	2-10 years
Motor vehicles	4 years
Plant and machinery	5-15 years
Capital work-in-progress	Not depreciated

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

### *De-recognition*

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

### **(d) Intangible assets**

The Group's intangible assets comprise softwares that are not integral part of the related hardware. The intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

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

### **(e) Inventories**

Inventories are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined on the basis of specific identification of their individual costs.

### **(f) Financial Instruments**

#### **(i) Recognition**

##### *Non-derivative financial instruments- recognition and measurement*

Non derivative financial instruments comprise trade receivables, other receivables, amounts due from related parties, cash and cash equivalents, loans and borrowings, amounts due to related parties, trade payables and other payables. Financial instruments are initially recognised at fair value, plus attributable transaction costs for instruments not at fair value through profit or loss. Subsequent to initial recognition, financial instruments are measured as described below.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise of cash, bank balances and call deposits with original maturities of three months or less.

##### *Trade and other payables*

Trade and other payables are stated at amortised cost using the effective interest method. Short-duration other payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest would be significant.

##### *Other*

Other non-derivative financial instruments which comprise of loans and receivables, and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment losses. Short-term trade receivables, other receivables, trade payables and other payables with no stated interest rate are carried at original invoice amounts where the effect of discounting is not significant.

#### **(ii) Derecognition**

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

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where the Group enters into transactions under which it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognised from the statement of financial position if all or substantially all risks and rewards are retained. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

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

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### (g) Share Capital

#### *Ordinary Shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deductions from equity, net of any tax effects.

#### *Dividend on ordinary shares*

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

### (h) Taxation

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment required for prior period.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### (i) Impairment

#### *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

#### *Non-financial assets*

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

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

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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 its 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.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### (j) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are measured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (k) Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### *Short-term benefits*

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

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

### (l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (m) Revenue recognition

#### *Services*

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

The Group is involved in aviation cargo, aircraft handling, crew and passenger transportation service delivery and power distribution. When the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

#### *Rental income*

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### (n) Finance income and expense

Finance income comprise of interest on funds invested. Finance costs comprise interest expense on borrowings, exchange differences on financial instruments and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit and loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position except for foreign currency translation differences recorded in other comprehensive income.

### (o) Leased assets

Leases in term of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

### (p) Lease Payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject to a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for other elements on the basis of their relative fair values, If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised on a straight line.

### (q) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property held by the Group is depreciated over the estimated useful life of 50 years. Fair values are determined at the end of the reporting period and disclosed.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### (r) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the

### (s) New standards and interpretations not adopted

A number of new standards, amendments to standards, and interpretations are effective for annual period beginning after 31 December 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant effect on the consolidated financial statements of the group except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

## 4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

### Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rates of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

### Other non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date. For trade and other creditors with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

## 5. Revenue

The Company's revenue represents the amount invoiced to customers for passenger handling, ground handling and cargo less trade discounts but excluding value added tax.

	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
	₦'000	₦'000	₦'000	₦'000
Passenger/ Aircraft handling	1,026,187	816,275	1,026,187	816,275
Cargo handling	638,707	965,852	632,020	941,296
Equipment rental and maintenance	77,395	72,143	77,395	67,753
Leasing	43,865			
<b>Total</b>	<b>1,786,154</b>	<b>1,854,270</b>	<b>1,735,602</b>	<b>1,825,</b>

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

Passenger/ Aircraft Handling: Income from passenger handling includes invoices raised for check in formalities, passenger profiling, security and baggage handling (loading and offloading)

Cargo Handling: These include invoices raised for; cargo documentation services for airlines, import and export cargo facilitation through Nigeria's biggest network of customs bonded warehouses in Lagos, Kano, Abuja and Port-harcourt, Kaduna and Enugu, using Galaxy computerisation system, which ensures safe storage and easy retrieval of cargoes.

Equipment rental and maintenance: The Company leases its equipment to airlines for services that are not covered in the Standard Ground Handling Agreement.

Leasing: A subsidiary, NFZ ltd is into the leasing of properties and heavy duty equipments

### 6 Other gains and losses

	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
	₦'000	₦'000	₦'000	₦'000
Rental income	56,245	63,620	56,245	63,620
Income from advertisements				
Sundry Income	29,519	61,101	3,642	61,101
Profit/(Loss on disposal)	3,505		3,505	
Learning and Development	3,000	670	3,000	670
	<u>92,270</u>	<u>125,392</u>	<u>66,393</u>	<u>125,391</u>

### 7 Finance income and expense

	Group		Company	
	Mar-17	Mar-16	Mar-17	Mar-16
	₦'000	₦'000	₦'000	₦'000
Finance income:				
Interest income on Bond reserve	3,998	71,252	3,998	71,252
Interest income on Treasury bills	-	354	-	354
Interest income on fixed & bank deposits	26,918	21,357	26,030	21,357
Interest income on Loan	-	-	23,904	23,904
	<u>30,916</u>	<u>92,963</u>	<u>53,932</u>	<u>116,867</u>
Interest expense on financial liabilities measured at amortised cost	-	-	-	-
Bank charges	2,906	2,650	2,478	2,442
Interest on term loan	53,037	148,571	53,037	148,571
Other Bond charges	2,678	34,159	2,678	34,159
Foreign exchange (loss)/ Gain - Un Earned	1,393	405	1,393	405
Finance expense	<u>60,014</u>	<u>185,785</u>	<u>59,586</u>	<u>185,577</u>
Net finance costs	<u>(29,098)</u>	<u>(92,822)</u>	<u>(5,654)</u>	<u>(68,710)</u>

The above finance income and expenses relate to transactions on financial assets and liabilities through Statement of Comprehensive Income.

Interest of 15.75% was charged on existing N2.05 billion bond.

Effective June 2016, The bond was restructured to enable half -yearly liquidation of principal and interest

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 8. Taxation

(a) The tax charge for the period comprises:

	<b>Group</b>		<b>Company</b>	
	Mar-17	Mar-16	Mar-17	Mar-16
	N'000	N'000	N'000	N'000
Company income tax	-	4,306	-	4,306
Education tax	-	287	-	287
Deferred tax	-	-	-	-
	<u>-</u>	<u>4,593</u>	<u>-</u>	<u>4,593</u>

(b) The movement on the current tax payable account during the year was as follows:

	<b>Group</b>		<b>Company</b>	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Balance, beginning of year	325,608	365,053	325,608	365,053
Charge for the year (Note(a))	-	4,593	-	4,593
Payments made during the year	-	(58,684)	-	(58,684)
Balance, end of period	<u>325,608</u>	<u>310,962</u>	<u>325,608</u>	<u>310,962</u>

(c) The movement on the deferred tax payable account during the period/year was as follows:

	<b>Group</b>		<b>Company</b>	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Balance, beginning of year	1,062,474	1,062,474	1,062,474	1,062,474
Charge for the period/year	-	-	-	-
Balance, end of period	<u>1,062,474</u>	<u>1,062,474</u>	<u>1,062,474</u>	<u>1,062,474</u>



## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 9. Profit from continuing operations

Profit for the year from continuing operations is attributable to:

	Group		Company	
	Mar-17 N'000	Mar-16 N'000	Mar-17 N'000	Mar-16 N'000
Owners of the company	1,026	(2,495)	(7,497)	16,284
Non-controlling interests	1,392	3,007		-
	<u>2,418</u>	<u>512</u>	<u>(7,497)</u>	<u>16,284</u>

Profit for the year from continuing operations has been arrived at after charging (crediting):

#### (a) Operational Costs;

	Group		Company	
	Mar-17 N'000	Mar-16 N'000	Mar-17 N'000	Mar-16 N'000
Payroll/ Staff Costs	780,445	747,569	777,136	747,569
Concession	86,898	95,851	86,898	95,851
Mgt Service Fee	-	66,796	-	66,796
Operational Travels	2,499	9,173	2,499	9,173
Depreciation/ Amortisation	169,114	173,543	132,021	136,778
Diesel, Electricity, Spares & Rent\	142,188	127,143	140,373	120,220
<b>Equipment Lease Rental</b>	0	0	97,776	98,076
Other Operating Expenses	131,729	174,125	113,260	144,398
	<u>1,312,873</u>	<u>1,394,200</u>	<u>1,349,963</u>	<u>1,418,861</u>

#### (c) Depreciation

Depreciation of property, plant and equipment	203,839	245,271	164,412	205,220
Amortisation of intangible assets	8,983	8,226	8,983	8,226
Depreciation of investment property	797	853	797	853
	<u>213,619</u>	<u>254,350</u>	<u>174,192</u>	<u>214,299</u>

### 10. Basic earnings per share

The calculation of basic earnings per share at 31st March, 2017 was based on the earnings attributable to ordinary shareholders of N2.4 million (2016: N0.512 million) and on ordinary shares of 1,624,218,200 of N0.50 each being the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	Mar-17 N'000	Mar-16 N'000	Mar-17 N'000	Mar-16 N'000
<b>Profit attributable to ordinary shareholders</b>	<u>2,418</u>	<u>512</u>	<u>(7,497)</u>	<u>16,284</u>
<b>Weighted average number of ordinary shares</b>	<u>1,624,218</u>	<u>1,624,218</u>	<u>1,624,218</u>	<u>1,624,218</u>
<b>Basic EPS</b>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>1</u>

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 12. Property, plant and equipment

	Land N'000	Building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Computer Equipment N'000	Furniture & Equipment N'000	Capital WIP N'000	Total N'000
<b>COMPANY</b>								
<b>COST</b>								
At 1 January 2017	50,219	3,040,709	5,010,082	448,519	1,152,913	397,419	47,686	10,147,547
Additions	-	5,052	2,056	-	1,997	3,731	-	12,836
Disposals	-	-	(156,135)	(28,452)	(9,246)	(2,680)	-	(196,513)
At 31st March 2017	<b>50,219</b>	<b>3,045,761</b>	<b>4,856,003</b>	<b>420,068</b>	<b>1,145,664</b>	<b>398,470</b>	<b>47,686</b>	<b>9,963,870</b>
<b>Depreciation</b>								
At 1 January 2017	4,905	330,164	3,020,873	394,757	1,054,972	350,849	-	5,156,520
Charge for the year	250	15,461	99,407	13,067	29,449	6,778	-	164,412
Disposals	-	-	(148,218)	(27,029)	(8,954)	(2,534)	-	(186,735)
At 31st March 2017	<b>5,155</b>	<b>345,625</b>	<b>2,972,062</b>	<b>380,795</b>	<b>1,075,467</b>	<b>355,093</b>	<b>-</b>	<b>5,134,197</b>
<b>NET BOOK VALUE</b>								
At 31st March 2017	<b>45,064</b>	<b>2,700,136</b>	<b>1,883,941</b>	<b>39,273</b>	<b>70,197</b>	<b>43,377</b>	<b>47,686</b>	<b>4,829,673</b>
At 31st December 2016	<b>45,314</b>	<b>2,710,545</b>	<b>1,989,209</b>	<b>53,762</b>	<b>97,941</b>	<b>46,570</b>	<b>47,686</b>	<b>4,991,027</b>

	Land N'000	Building N'000	Machinery N'000	Vehicles N'000	Equipment N'000	Equipment N'000	Capital WIP N'000	Total N'000
<b>GROUP COST</b>								
At 1 January 2017	50,218	3,128,824	6,564,621	457,508	1,160,931	443,269	47,686	11,853,057
Additions		7,882	2,056	-	1,997	3,852		15,787
Disposals	-		(156,135)	(28,452)		(2,680)		(187,267)
At 31st March 2017	<b>50,218</b>	<b>3,136,706</b>	<b>6,410,542</b>	<b>429,057</b>	<b>1,162,928</b>	<b>444,441</b>	<b>47,686</b>	<b>11,681,577</b>
<b>Depreciation</b>								
At 1 January 2017	4,904	331,757	3,351,831	398,060	1,059,274	358,490	-	5,504,316
Charge for the year	250	15,660	136,172	13,629	29,449	7,974		203,134
Disposals			(148,218)	(27,029)		(1,538)		(176,785)
At 31st March 2017	<b>5,154</b>	<b>347,417</b>	<b>3,339,785</b>	<b>384,660</b>	<b>1,088,723</b>	<b>364,926</b>	<b>-</b>	<b>5,530,665</b>
<b>NET BOOK VALUE</b>								
At 31st December 2016	<b>45,064</b>	<b>2,789,289</b>	<b>3,070,757</b>	<b>44,397</b>	<b>74,205</b>	<b>79,515</b>	<b>47,686</b>	<b>6,150,912</b>
At 31 December 2015	<b>45,314</b>	<b>2,797,067</b>	<b>3,212,790</b>	<b>59,448</b>	<b>101,657</b>	<b>84,779</b>	<b>47,686</b>	<b>6,348,741</b>

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 13. Intangible assets

	Group		Company	
	Dec-16	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
<b>Cost</b>				
Balance at 1 January	439,929	413,509	346,307	319,887
Adjustments	-	-	-	-
Additions	977	26,420	977	26,420
Balance as at 31 March	440,906	439,929	347,284	346,307
<b>Amortisation</b>				
Balance at 1 January	217,332	181,757	217,332	181,757
Adjustments	-	-	-	-
Amortisation for the year	8,983	35,575	8,983	35,575
Balance as at 31 March	226,315	217,332	226,315	217,332
<b>Carrying amounts</b>				
Balance as at 31 March	214,590	222,597	120,969	128,975

### 14. Investment property

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
<b>Cost</b>				
Balance at 1 January	157,428	157,428	157,428	157,428
Adjustments	-	-	-	-
Reclassification	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 December	157,428	157,428	157,428	157,428
<b>Depreciation</b>				
Balance at 1 January	22,198	19,400	22,198	19,400
Adjustments	-	-	-	-
Charge for the year	698	2,798	698	2,798
Disposals	-	-	-	-
Balance as at 31 December	22,896	22,198	22,896	22,198
<b>Carrying amounts</b>				
Balance as at 31 December	134,532	135,230	134,532	135,230

The fair value of the investment property as at 31st December 2016 was ₦1.686 Billion. Total revenue from the investment property as at 31st March, 2017 is N56.2 million. (2016: 64million)

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 15. Investment in subsidiaries

	Company	
	Mar-17	Dec-16
	N'000	N'000
Shares in subsidiaries:		
Nahco FTZ Limited	10,000	10,000
Nahco Energy and Power Limited	25,500	25,500
Mainland Cargo Options Ltd	4,000	4,000
Balance as at 31 December	39,500	39,500
Balance at 1 January	39,500	35,500

Details of the Group's subsidiaries at the end of the reporting period are as follows:

#### (1) NFZ Limited

The company holds N10 million ordinary shares of N1 in this subsidiary, representing 100 percent of the issued share capital of N10 million.

The principal activity of this subsidiary is the management and operation of Free Trade Zone which includes: leasing of plant and equipment, logistics, warehousing, transshipment, manufacturing and provision of related services.

NAHCO FTZ was granted approval to operate at the Murtala Mohammed International Airport, Lagos as NFZ by the Nigerian Export Processing Zone Authority (NEPZA) in February 2014 and the applicable fees have been paid. The Company has since commenced activities towards making the zone operational

#### (2) NAHCO Energy and Power Limited

The Company holds N25.5 million ordinary shares of N1 in this subsidiary representing 63 percent of the issued share capital of N40.5 million. The remaining shares are held by RHG, a shareholder of Nigerian Aviation Handling Company Plc. The company intends to carry out energy and power distribution in Nigeria.

Intercompany balance between the holding company and its subsidiaries have been eliminated on consolidation.

#### (3) Mainland Cargo Options Limited

The Company holds 4 million ordinary shares in the subsidiary representing 40% of the issued share capital of N10 Million. The Company is into cargo logistics and started operations in 2015.

On January 2017, the Board of Mainland Cargo Options Ltd, sat and agreed that all ownership of shares be transferred to NAHCO Plc due to non fulfilment of financial obligations by NAHCO Energy.

### 16. Deposit For Shares

	Company	
	Mar-17	Dec-16
	N'000	N'000
Balance at 1 January	1,554,538	1,554,538
Additions	-	-
Balance as at 31 December	1,554,538	1,554,538

The balance represents deposit made by the holding company for the Shares in subsidiary, NFZ Limited

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 17. Loan to Subsidiary

	Company	
	Mar-17	Dec-16
	N'000	N'000
As at 1st January	769,248	780,791
Additions	-	-
Derecognition / Payment	(1,265)	(11,543)
Balance as at 31 December	<u>767,983</u>	<u>769,248</u>
<b>Disclosed as follows;</b>		
Due within 12 months	95,616	439,071
Due after 12 months	672,367	330,177
	<u>767,983</u>	<u>769,248</u>

This majorly represents the loan of \$1.26 million (N211.05 million) and \$760,000 (N127.3 million) granted by the company to its subsidiary, NAHCO FTZ Limited in February and June 2014 respectively. The facilities were granted at an interest rate of 17.75% (365 days a year).

### 18 Other non current assets

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Other non- current assets comprise of :				
Bond Repayment Fund-				
Balance at 1 January	89,990	2,668,002	89,990	2,668,002
Additions during the year	166,942	770,467	166,942	770,467
	<u>256,932</u>	<u>3,438,469</u>	<u>256,932</u>	<u>3,438,469</u>
Interest distributions	-	(562,212)	-	(562,212)
Liquidation on Principal - Tranche 1	-	(2,150,000)	-	(2,150,000)
Periodic liquidation on Principal - Tranche 2	-	(636,267)	-	(636,267)
<b>Carrying amounts</b>	<u>256,932</u>	<u>89,990</u>	<u>256,932</u>	<u>89,990</u>
Balance at the end of the period				

The balance on this account represents the amount available in the Debt Service Reserve Account for the eventual repayment of the principal amount of the Bond. An amount is set aside every month toward settlement of bi- annual interests and eventual repayment of principal to bond holders. The amount accrued as at 31st March, 2017 is held by the Trustees. (See note 29)

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 19. Inventories

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Spare parts	157,701	153,166	157,701	153,166
Stationery/ Medical	24,805	28,961	24,805	28,961
Diesel	10,000	15,411	10,000	15,411
	<b>192,506</b>	<b>197,538</b>	<b>192,506</b>	<b>197,538</b>

Spare parts consumed during the period N127.3 million (2015: N75.9 million) is recognised in Statement of Comprehensive Income.

### 20. Prepayments

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Prepayments comprise:				
Deposit for Fixed Asset	1,102,891	1,116,552	92,557	89,641
Prepaid insurance	34,583	32,880	31,689	29,986
Prepaid Rent	-	-	-	-
Prepaid Stock	-	187,200	-	187,200
Prepaid Housing	356,786	-	356,786	-
Others	344,988	86,799	299,177	71,290
	<b>1,839,248</b>	<b>1,423,431</b>	<b>780,209</b>	<b>378,117</b>

Amount in Deposit for assets is largely made up of assets paid for but yet to be delivered or deployed for use.

### 21. Trade and other receivables

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	N'000	N'000	N'000	N'000
Trade and other receivables comprise:				
Trade receivables (Note 32)	779,793	658,655	764,027	646,519
With holding tax receivable	566,697	566,499	564,184	563,984
Other receivables	171,640	61,058	163,457	54,340
	<b>1,518,129</b>	<b>1,286,212</b>	<b>1,491,667</b>	<b>1,264,843</b>

Trade receivables are invoices on ground handling services issued to customers net of taxes and impairment on the debts. The company's credit policy allows a 30 day credit period for all its customers.

### 22 Intercompany receivables

	Company	
	Mar-17	Dec-16
	N'000	N'000
NFZ	372,112	439,733
Power and energy	384,340	384,340
Mainland Cargo Options	40,808	37,811
	<b>797,260</b>	<b>861,884</b>

Intercompany receivables are payments made on behalf of the subsidiaries. The subsidiaries have been informed and the company expects to get value from the subsidiaries.

Intercompany receivables are eliminated in the consolidated accounts of the Group.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 23 Cash and cash equivalents

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
Bank and cash balances	910,160	581,517	862,038	432,879
Domicilliary accounts	1,094,243	634,501	992,137	516,189
Treasury Bills	200,000	-	200,000	-
Fixed deposits	189,704	1,714,728	157,604	1,714,728
	<u>2,394,107</u>	<u>2,930,747</u>	<u>2,211,779</u>	<u>2,663,797</u>

Included in fixed deposits is the investment placed for Unclaimed dividend as at December 2015

### 24 Share Capital

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
(a) Authorised ordinary shares of 50 kobo each	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
(b) share capital: ordinary shares of 50 kobo each	<u>812,109</u>	<u>812,109</u>	<u>812,109</u>	<u>812,109</u>

All shares rank equally with regard to the company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 25

#### Share premium

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
Balance at the end of the period	<u>1,914,758</u>	<u>1,914,758</u>	<u>1,914,758</u>	<u>1,914,758</u>

Share premium is the excess paid by shareholders over the nominal value for their shares.

### 26 Dividend reserves

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
Balance, 1 January	-	324,844	-	324,844
Dividend proposed	-	-	-	-
Paid during the year	-	(324,844)	-	(324,844)
Balance at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 27 Retained earnings

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
Balance, beginning of year	3,748,817	3,494,749	4,338,761	4,080,936
Issue of Bonus Shares	-	-	-	-
Dividend paid	-	(324,844)	-	(324,844)
Balance at the end of the period	2,418	578,912	(7,493)	582,669
	<b>3,751,235</b>	<b>3,748,817</b>	<b>4,331,268</b>	<b>4,338,761</b>

Retained earnings represent the income net of expenses from past periods, carried forward plus current period profit attributable to shareholders.

### 28 Non controlling interests

	Group	
	Mar-17 N'000	Dec-16 N'000
Balance at the beginning of the year	(123,350)	-125,157
Share of current losses	(1,392)	1,807
Balance at the end of the period	<b>(124,742)</b>	<b>(123,350)</b>

This represents the portion of the minority shareholder in the called up share capital of the subsidiary, NAHCO

### 29 Loans and borrowings

	Group		Company	
	Mar-17 N'000	Dec-16 N'000	Mar-17 N'000	Dec-16 N'000
Unsecured at amortised cost:				
Balance at the beginning	1,407,613	4,165,924	1,407,613	4,165,924
Addition	-	-	-	-
Part Liquidation	-	(2,786,267)	-	(2,786,267)
Bond origination fee	-	27,956	-	27,956
Closing Balance	<b>1,407,613</b>	<b>1,407,613</b>	<b>1,407,613</b>	<b>1,407,613</b>
<b>Current</b>	<b>277,540</b>	<b>277,540</b>	<b>277,540</b>	<b>277,540</b>
<b>Non-current</b>	<b>1,130,073</b>	<b>1,130,073</b>	<b>1,130,073</b>	<b>1,130,073</b>

The existing bond was restructured to enable principal liquidation on a semi annual basis over the remaining years of the bond. A premium of 0.5% was agreed as premium jacking the interest on tranche 2 to 17.75%.

Also, the tranche 1 bond was completely paid off and all liabilities discharged accordingly.

The Trustees, (First Trustees Limited), maintain an account into which monthly remittances by the Company are made towards offsetting the biannual interest payments as well as repayment of the capital sum. The Company's cashflow is therefore not expected to be affected on maturity as repayment would have been fully provided for.

## Notes to the consolidated and separate financial statements

For the quarter ended 31-March, 2017

### 30 Trade and other payables

Trade and other payables comprise:

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
Trade payables	1,015,953	370,498	1,015,953	370,498
Other payables	2,359,760	2,868,790	2,263,514	2,771,664
	<b>3,375,712</b>	<b>3,239,288</b>	<b>3,279,466</b>	<b>3,142,161</b>

The company maintains a 60 days credit period with all vendors.

#### 30.1 Other payables

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
Bond repayment	70,863	17,826	70,863	17,826
Management Support Agreement fee	100,000	100,000	100,000	100,000
Amount due to Government agencies	215,966	291,385	209,345	246,908
Concession fee; FAAN rental & service charge	637,805	1,103,872	637,805	1,103,872
Directors Retirement	189,573	194,573	189,573	194,573
Industrial Training Fund	93,156	75,156	93,156	75,156
Staff Participatory Scheme	-	85,755	-	85,755
Performance Bonus	9,605	123,332	9,605	123,332
Unclaimed Dividend	378,062	378,062	378,062	378,062
Other Accruals	664,731	498,829	575,106	446,180
	<b>2,359,760</b>	<b>2,868,790</b>	<b>2,263,514</b>	<b>2,771,664</b>

### 31 Deferred income/revenue

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
UN EARNED RENT	35,194	61,134	35,194	61,134
IMPAIRMENT - RENT RECEIVABLE	10,164	10,164	10,164	10,164
	<b>45,358</b>	<b>71,298</b>	<b>45,358</b>	<b>71,298</b>
Long term deferred income	0	0	0	0
	<b>45,358</b>	<b>71,298</b>	<b>45,358</b>	<b>71,298</b>

The above represents majorly, rent received in advance from the tenants.

### 32 Impairment losses

The aging of trade receivables at the reporting date was:

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
Current (1- 30 days)	620,471	585,847	620,471	585,847
31-60 days	83,867	67,629	68,101	55,491
60-180 days	108,690	100,354	108,690	100,356
More than 180 days	828,348	766,408	828,348	766,408
	<b>1,641,376</b>	<b>1,520,238</b>	<b>1,625,610</b>	<b>1,508,102</b>
Impairment	(861,583)	(861,583)	(861,583)	(861,583)
	<b>779,793</b>	<b>658,655</b>	<b>764,027</b>	<b>646,519</b>

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

	Group		Company	
	Mar-17	Dec-16	Mar-17	Dec-16
	₦000	₦000	₦000	₦000
Balance at 1 January	(861,583)	(878,676)	(861,583)	(878,676)
Impairment losses recognised	-	17,093	-	17,093
Balance at the end of the period	<b>(861,583)</b>	<b>(861,583)</b>	<b>(861,583)</b>	<b>(861,583)</b>

The impairment on trade receivables was in respect of receivables for which the Group has determined that there are objective indicators of impairment. Impairment losses have been recognised based on the difference between the carrying amounts and the present value of the estimated future cash flows on these receivables. The Group holds no collateral in respect of its trade receivables. Impairment loss on trade receivables is recognised in Statement of Comprehensive income.

**Notes to the consolidated and separate financial statements**

*For the quarter ended 31-March, 2017*

**Liquidity Risk**

*Exposure to liquidity risk*

	Mar-17	Dec-16
	N'000	N'000
Cash and cash equivalents (Note 23)	2,394,107	2,930,747
Deposit in DSRA (note 18)	256,932	89,990
Trade and other receivables (Note 21)	1,518,129	1,286,212
Total financial assets	4,169,168	4,306,950
Trade & Other payables	1,518,129	3,239,288
Loans and borrowings (Note 29)	1,407,613	1,407,613
Total financial liabilities	2,925,742	4,646,901
Net exposure	1,243,426	(339,951)

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

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.