

Nigerian Aviation Handling Company PLC

Financial Statements -- Q2 2016

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Consolidated and Separate Statement of Comprehensive Income

For the period ended 30- June, 2016

	Notes	Group				Company			
		Q2 2016 N'000	Q2 2015 N'000	Jun 2016 N'000	Jun 2015 N'000	Q2 2016 N'000	Q2 2015 N'000	Jun 2016 N'000	Jun 2015 N'000
Revenue	5	1,910,676	2,101,250	3,764,946	4,246,427	1,879,263	2,092,239	3,704,587	4,237,416
Operating costs		(1,402,309)	(1,376,752)	(2,796,509)	(2,721,206)	(1,446,307)	(1,410,333)	(2,865,168)	(2,810,149)
Gross Profit		508,367	724,498	968,437	1,525,221	432,956	681,906	839,419	1,427,267
Other gain & (loss)	6	168,322	114,800	293,713	171,193	168,322	114,800	293,713	171,193
Administrative expenses		(453,466)	(504,503)	(944,007)	(1,099,490)	(393,615)	(405,052)	(835,882)	(933,023)
Profit from operations		223,223	334,795	318,143	596,924	207,663	391,654	297,250	665,437
Net finance costs	7	(100,683)	(31,507)	(193,296)	(93,140)	(76,270)	(31,507)	(144,980)	(93,140)
Profit / (Loss) before tax		122,540	303,288	124,847	503,784	131,393	360,147	152,270	572,297
Income tax expense	8(a)	(29,563)	(79,232)	(34,261)	(125,905)	(29,563)	(79,232)	(34,261)	(125,905)
Profit after tax		92,977	224,056	90,586	377,879	101,830	280,915	118,009	446,392
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		92,977	224,056	90,586	377,879	101,830	280,915	118,009	446,392
Profit attributable to owners of the company		92,977	224,056	90,586	377,879	101,830	280,915	118,009	446,392
Non-controlling interest	9(a)	1,978	2,991	(1,029)	11,422	-	-	-	-
Attributable to owners of the company:		94,954	227,047	89,557	389,301	101,830	280,915	118,009	446,392
Total Comprehensive Income for the period		94,954	227,047	89,557	389,301	101,830	280,915	118,009	446,392
Earnings per share									
Basic earnings per share (Kobo)	10	6	14	6	24	6.27	17	7	27

Consolidated and Separate Statement of Financial Position

For the period ended 30- June, 2016

Notes	Group		Company	
	June 2016	December 2015	June 2016	December 2015
	₦'000	₦'000	₦'000	₦'000
Assets				
Property, plant and equipment	12	6,669,954	6,820,436	5,233,797
Intangible assets	13	227,966	231,752	134,345
Investment property	14	136,925	138,127	136,925
Investment in subsidiaries	15	-		39,500
Deposit for shares	16	-		1,554,538
Loan to Subsidiary	17	-		561,838
Other non-current assets	18	3,259,590	2,668,002	3,259,590
Total non-current assets		10,294,435	9,858,317	10,920,533
				10,223,768
Current assets				
Inventories	19	198,611	159,276	198,611
Trade and other receivables	21	1,313,999	1,339,283	1,400,690
Intercompany receivables	22	-		1,104,345
Loan to Subsidiary		-		968,136
Short term prepayments	20	1,917,522	1,386,279	866,520
Cash and cash equivalents	23	1,721,226	2,186,023	1,600,596
Total current assets		5,151,358	5,070,861	5,170,762
				5,345,894
Total assets		<u>15,445,793</u>	<u>14,929,178</u>	<u>16,091,295</u>
				<u>15,569,662</u>
Equity				
Share capital	24	812,109	812,109	812,109
Share premium	25	1,914,758	1,914,758	1,914,758
Dividend reserves	26	324,844	324,844	324,844
Retained earnings	27	3,265,568	3,169,905	3,874,102
Total equity attributable to equity holders of the Company		6,317,280	6,221,616	6,925,814
				6,807,803
Non-controlling interests	28	(126,186)	(125,157)	-
Total equity		<u>6,191,094</u>	<u>6,096,459</u>	<u>6,925,814</u>
				<u>6,807,803</u>
Liabilities				
Loans and borrowings	29	3,687,500	4,165,924	3,687,500
Deferred tax liabilities	8C	895,615	895,615	895,615
Total non-current liabilities		4,583,115	5,061,539	4,583,115
				5,061,539
Current tax liabilities	8B	247,634	365,053	247,634
Trade and other payables	30	4,315,531	3,248,579	4,226,313
Deferred Income	31	108,419	157,548	108,419
Liabilities classified as held for sale				128,384
Total current liabilities		<u>4,671,584</u>	<u>3,771,180</u>	<u>4,582,366</u>
				<u>3,700,320</u>
Total liabilities		<u>9,254,699</u>	<u>8,832,719</u>	<u>9,165,481</u>
				<u>8,761,859</u>
Total equity and liabilities		<u>15,445,793</u>	<u>14,929,178</u>	<u>16,091,295</u>
				<u>15,569,662</u>

Consolidated Statement of changes in equity

For the period ended 30- June, 2016

<u>Attributable to equity holders of the Group</u>						
	Share Capital	Share Premium	Dividend Reserves	Retained Earnings	Total	Non-controlling Interest
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 01 January 2016	812,109	1,914,758	324,844	3,169,905	6,221,616	(125,157)
Comprehensive income for the period						
Profit / (Loss) for the period	-	-	-	90,586	90,586	(1,029)
Other comprehensive income:						
Defined benefit plan actuarial gains (losses)	-	-	-	-	-	-
Prior year deferred tax adjustment	-	-	-	-	-	-
Restated Balance	-	-	-	5,078	5,078	-
Total other comprehensive income	-	-	-	5,078	5,078	-
Total comprehensive income for the period	-	-	-	95,664	95,664	(1,029)
Transaction with owners recognised directly in equity						
Dividend paid to owners	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-
Balance at 31st June 2016	812,109	1,914,758	324,844	3,265,569	6,317,280	(126,186)

Consolidated Statement of changes in equity

For the period ended 30- June, 2016

<u>Attributable to equity holders of the Group</u>						
	Share Capital	Share Premium	Dividend Reserves	Retained Earnings	Total	Non-controlling Interest
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 01 January 2015	738,281	1,914,758	295,313	3,017,323	5,965,675	(111,700)
Comprehensive income for the period						
Profit / (Loss) for the period	-	-	-	148,033	148,033	(8,431)
Other comprehensive income:						
Defined benefit plan actuarial gains (losses)	-	-	-	-	-	-
Prior year deferred tax adjustment	-	-	-	-	-	-
Restated Balance	-	-	-	1,603	1,603	-
Total other comprehensive income	-	-	-	1,603	1,603	-
Total comprehensive income for the period	-	-	-	149,636	149,636	(8,431)
Transaction with owners recognised directly in equity						
Dividend to owners	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-
Balance at 30th June 2015	738,281	1,914,758	295,313	3,166,959	6,115,311	(120,131)

Consolidated and Separate Statement of Cash Flows

For the period ended 30- June, 2016

	Notes	Group		Company	
		June 2016 N'000	June 2015 N'000	June 2016 N'000	June 2015 N'000
Cash Flows from Operating Activities					
Profit / (Loss) for the year		318,143	596,924	297,250	665,437
<i>Adjustments for non-cash income and expense:</i>					
Depreciation: PPE	12	473,833	434,927	394,589	358,766
Depreciation: Investment property	14	1,016	1,915	1,016	1,915
Amortisation of intangible asset	13	17,683	16,451	17,683	16,451
Impairment loss to trade receivables	32	-	-	-	-
Loss/gain on disposal of PPE		-	-	-	-
Adjustments/ Library stock written off					
Adjustments:					
Loans and borrowing restated at amortised cost	29	(478,424)	15,881	(478,424)	15,881
		<u>332,251</u>	<u>1,066,098</u>	<u>232,114</u>	<u>1,058,450</u>
<i>Changes in operating assets and liabilities:</i>					
(Increase)/Decrease in inventories	19	(39,335)	(34,812)	(39,335)	(34,812)
(Increase)/Decrease in trade and other receivables	21	25,284	(94,877)	51,047	83,284
(Increase)/Decrease in Loan to Subsidiary	17	-	-	-	(40,339)
(Increase)/Decrease in prepayments	20	(531,243)	(1,220,587)	(325,640)	(569,236)
(Decrease)/increase in trade and other payables	30	1,066,952	153,611	1,019,430	163,402
(Decrease)/increase in deferred revenue	31	(49,129)	135,049	(19,965)	93,463
		<u>472,529</u>	<u>(1,061,615)</u>	<u>685,537</u>	<u>(304,237)</u>
Cash generated from operations		<u>804,780</u>	<u>4,483</u>	<u>917,651</u>	<u>754,213</u>
Taxation paid	8(b)	(151,680)	(132,126)	(151,680)	(132,126)
Net cash inflow provided by operating activities		<u>653,100</u>	<u>(127,643)</u>	<u>765,971</u>	<u>622,087</u>
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	12	(363,967)	(258,987)	(356,123)	(258,987)
Proceeds from disposal of property, plant and equipment		11,782	-	11,782	-
Deposit for Shares	16	-	-	-	(767,185)
Acquisition of intangible assets	13	13,897	-	13,897	-
Acquisition of Investment properties		-	-	-	-
Bond repayment fund	18	(591,588)	(240,716)	(591,588)	(240,716)
Non-Controlling Interests		-	-	-	-
Loan granted		-	-	-	-
Interest received	7	159,404	230,910	207,212	230,910
Net cash used in investing activities		<u>(765,198)</u>	<u>(268,793)</u>	<u>(714,821)</u>	<u>(1,035,978)</u>
Cash flows from financing activities					
Intercompany		-	-	-136,209	-170,547
Interest paid on Bond	7	(352,700)	(324,050)	(352,192)	(324,050)
Dividends paid		-	(295,313)	-	(295,313)
Net cash outflow from financing activities		<u>(352,700)</u>	<u>(619,363)</u>	<u>(488,401)</u>	<u>(789,909)</u>
Net increase in cash and cash equivalents		(464,797)	(1,015,799)	(437,251)	(1,203,801)
Cash at bank and in hand, beginning of year		2,186,023	2,654,648	2,037,847	2,629,407
Effect of exchange rate fluctuations on cash held		-	-	-	-
Cash at bank and in hand, end of Period		<u>1,721,226</u>	<u>1,638,849</u>	<u>1,600,596</u>	<u>1,425,606</u>
Cash and Cash Equivalents					
This comprises:					
Cash at bank and in hand		851,128	776,095	730,498	562,852
Fixed deposit		820,099	519,004	820,099	519,004
Treasury Bills		50,000	343,750	50,000	343,750
		<u>1,721,226</u>	<u>1,638,849</u>	<u>1,600,596</u>	<u>1,425,607</u>

Notes to the consolidated and separate financial statements

For the period ended 30- June, 2016

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 30 June 2016 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 24th July 2016.

(b) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Group'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 period ended 30- June, 2016

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.

(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 equipment 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 period ended 30- June, 2016

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

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 period ended 30- June, 2016

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 period ended 30- June, 2016

(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 period ended 30- June, 2016

(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 period ended 30- June, 2016

(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 period ended 30- June, 2016

(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 weighted average number of ordinary shares outstanding during the period.

(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 2012, 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 2015 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.

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			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Passenger/ Aircraft handling	862,939	876,309	1,679,214	1,742,090	862,939	876,309	1,679,214	1,742,090
Cargo handling	953,908	1,147,602	1,895,204	2,348,343	953,908	1,141,037	1,895,204	2,341,778
Equipment rental and maintenance	62,416	74,893	130,169	153,548	62,416	74,893	130,169	153,548
Leasing	31,413.00	2,446.00	60,359.00	2,446.00				
Total	1,910,676	2,101,250	3,764,946	4,246,427	1,879,263	2,092,239	3,704,587	4,237,416

Notes to the consolidated and separate financial statements

For the period ended 30- June, 2016

Passenger 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 Hermes computerisation system, which ensures safe storage and easy retrieval of cargoes.

Equipment rental and maintenance: In the past two years, the Group had invested heavily in procurements of GSE's (Ground Support Equipments). These are leased to airlines and other companies operating at the airport.

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

6 Other gains and losses

	Group				Company			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Rental income	56,716	53,955	120,336	102,782	56,716	53,955	120,336	102,782
Sundry Income	110,373	59,724	171,474	66,049	110,373	59,724	171,474	66,573
Learning and Development	1,233	1,121	1,903	1,838	1,233	1,121	1,903	1,838
	168,322	114,800	293,713	171,193	168,322	114,800	293,713	171,193

7 Finance income and expense

	Group				Company			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Finance income:								
Foreign exchange (loss)/ Gain on non-curren	(3,709)	(8,559)	(4,114)	(13,304)	(3,709)	(8,559)	(4,114)	(13,304)
Interest income on Bond reserve	46,537	64,920	117,789	112,195	46,537	64,920	117,789	112,195
Interest income on TB	2,221	20,886	2,575	49,914	2,221	20,886	2,575	49,914
Interest income on fixed & bank deposits	21,797	20,148	43,154	34,297	21,797	20,148	43,154	34,297
Interest income on Loan	-	23,904	-	47,808	23,904	23,904	47,808	47,808
	66,846	121,299	159,404	230,910	90,750	121,299	207,212	230,910
Interest expense on financial liabilities measured at amortised cost	-	-	-	-	-	-	-	-
Bank charges	6,085	5,448	8,526	11,903	5,576	5,448	8,018	11,903
Interest on term loan	142,159	148,031	290,730	296,063	142,159	148,031	290,730	296,063
Other Bond charges	19,285	(673)	53,444	16,084	19,285	(673)	53,444	16,084
Finance expense	167,529	152,806	352,700	324,050	167,020	152,806	352,192	324,050
Net finance costs	(100,683)	(31,507)	(193,296)	(93,140)	(76,270)	(31,507)	(144,980)	(93,140)

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

Interest of 13% was charged on existing N2.15billion bond and additional 15.25% on the N2.05billion raised in December 2013.

Effective June 2016, Tranche 2 bond was restructured to enable half -yearly liquidation of principal. 25% of the principal was liquidated bringing the balance to N1.5375billion renegotiated at 15.75% per annum.

Notes to the consolidated and separate financial statements

For the period ended 30- June, 2016

8. Taxation

(a) The tax charge for the period comprises:

	Group				Company			
	Q2-16 ₦'000	Q2-15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2-16 ₦'000	Q2-15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Company income tax	27,592	73,947	31,976	117,507	27,592	73,947	31,976	117,507
Education tax	1,972	5,285	2,285	8,398	1,972	5,285	2,285	8,398
(Over provision)/under provision in prior year	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-
	29,563	79,232	34,261	125,905	29,563	79,232	34,261	125,905

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

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Balance, beginning of year	365,053	387,407	365,053	387,407
Charge for the year (Note(a))	34,261	192,000	34,261	192,000
Payments made during the year	(151,680)	(185,586)	(151,680)	(185,586)
Back duty assessments paid	-	(28,768)	-	(28,768)
Balance, end of year	247,634	365,053	247,635	365,053

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

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Balance, beginning of year	895,615	828,615	895,615	828,615
Charge for the period/year	-	67,000	-	67,000
Balance, end of period	895,615	895,615	895,615	895,615

Notes to the consolidated and separate financial statements

For the period ended 30- June, 2016

9. Profit from continuing operations

Profit for the year from continuing operations is attributable to:

	Group				Company			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Owners of the company	92,977	224,056	90,586	377,879	101,830	280,915	118,009	446,392
Non-controlling interests	1,978	2,991	(1,029)	11,422	-	-	-	-
	94,954	227,047	89,557	389,301	101,830	280,915	118,009	446,392

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

(a) Operational Costs:

	Group				Company			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Payroll/ Staff Costs	812,619	712,199	1,571,392	1,437,433	790,619	712,198	1,530,399	1,437,433
Training	9,482	14,894	17,271	47,379	9,482	14,894	17,271	47,379
Concession & Mgt. service Fee	171,774	179,744	334,421	362,562	171,774	179,744	334,421	362,562
Operational Travels	14,187	16,413	23,360	23,322	14,187	16,413	23,360	23,322
Depreciation	148,855	136,636	340,664	326,618	130,355	100,682	267,133	253,419
Diesel, Electricity, Spares & Rent	117,529	153,847	237,749	213,978	117,529	138,389	237,749	198,520
Equipment Lease Rental	-	0	-	-	97,776	198,213	195,852	198,213
Other Operating Expenses	127,863	163,019	271,652	309,914	114,585	49,800	258,983	289,301
	1,402,309	1,376,752	2,796,509	2,721,206	1,446,307	1,410,333	2,865,168	2,810,149

(b) Impairment losses on financial assets

	Group				Company			
	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Impairment loss recognised on	-	13,692	-	18,513	-	13,692	-	18,513
	-	13,692	-	18,513	-	13,692	-	18,513

(c) **Depreciation**

Depreciation of property, plant and equipment	229,005	253,196	473,861	434,770	189,369	177,192	394,589	358,766
Amortisation of intangible assets	9,352	8,226	17,578	16,453	9,352	8,226	17,578	16,453
Depreciation of investment property	814	794	1,667	1,915	814	794	1,667	1,915
	239,171	262,216	493,106	453,138	199,535	186,212	413,834	377,134

10. Basic earnings per share

The calculation of basic earnings per share at 30th June 2016 was based on the earnings attributable to ordinary shareholders of N41.12 million (June 2015: N389.30 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.

	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000	Q2 16 ₦'000	Q2 15 ₦'000	Jun-16 ₦'000	Jun-15 ₦'000
Profit attributable to ordinary shareholders	94,954	227,047	89,557	389,301	101,830	280,915	118,009	446,392
Weighted average number of ordinary shares	1,624,218							
Basic EPS	6	14	6	24	6	17	7	27

Notes to the consolidated and separate financial statements

For the period ended 30- June, 2016

12. Property, plant and equipment

	Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Computer Equipment ₦'000	Furniture & Equipment ₦'000	Capital WIP ₦'000	Total ₦'000
COMPANY								
COST								
At 1 January 2016	50,218	2,859,503	5,124,106	565,018	1,002,018	378,380	47,686	10,026,928
Additions	-	159,253	51,089	10,983	118,018	16,780	-	356,123
Disposals	-	-	(171,412)	(97,651)	0	(4,495)	-	(273,559)
Adjustments	-	-17,605	0		-10,000	0	0	(27,605)
Reclassifications	-	-	-		-	-	-	-
Write-offs	-	-	-		-	-	-	-
At 30th June 2016	50,218	3,001,151	5,003,782	478,349	1,110,036	390,665	47,686	10,081,888
Depreciation								
At 1 January 2016	3,904	268,699	2,769,494	460,159	899,756	313,266	-	4,715,278
Charge for the year	500	41,727	220,589	30,263	75,645	25,865	-	394,589
Disposals	-	-	(164,734)	(92,769)	-	(4,274)	-	(261,777)
Adjustments	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
At 30th June 2016	4,404	310,426	2,825,349	397,654	975,401	334,857	-	4,848,091
NET BOOK VALUE								
At 30th June 2016	45,814	2,690,725	2,178,433	80,696	134,635	55,808	47,686	5,233,797
At 31st December 2015	46,314	2,590,804	2,354,612	104,858	102,262	65,114	47,686	5,311,650

	Land ₦'000	Building ₦'000	Machinery ₦'000	Vehicles ₦'000	Equipment ₦'000	Equipment ₦'000	Capital WIP ₦'000	Total ₦'000
GROUP COST								
At 1 January 2016	50,218	2,947,618	6,678,644	574,006	1,007,649	420,073	47,686	11,725,894
Additions		160,482	51,089	10,983	120,477	20,936	-	363,967
Disposals	-	-	(171,412)	(97,651)	0	(4,495)	-	(273,559)
Adjustments	-	-18,834	0	0	-10,000	0	0	(28,834)
Reclassifications	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
At 30th June 2016	50,218	3,089,266	6,558,321	487,338	1,118,126	436,514	47,686	11,787,468
Depreciation								
At 1 January 2016	3,904	269,495	2,953,391	461,215	901,302	316,151	-	4,905,458
Charge for the year	500	42,125	294,120	31,387	77,268	28,433	-	473,833
Disposals	-	-	(164,734)	(92,769)	-	(4,274)	-	(261,777)
Adjustments	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
At 30th June 2016	4,404	311,620	3,082,777	399,833	978,570	340,310	-	5,117,515
NET BOOK VALUE								
At 30th June 2016	45,814	2,777,646	3,475,544	87,504	139,556	96,204	47,686	6,669,954
At 31 December 2015	46,314	2,678,123	3,725,253	112,791	106,347	103,922	47,686	6,820,436

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For the period ended 30- June, 2016

13. Intangible assets

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	₦'000	₦'000	₦'000	₦'000
Cost				
Balance at 1 January	413,509	300,798	319,887	319,887
Adjustments	-	-	-	-
Additions	13,897	112,711	13,897	-
Closing Balance	<u>427,406</u>	<u>413,509</u>	<u>333,784</u>	<u>319,887</u>
Amortisation				
Balance at 1 January	181,757	148,851	181,757	148,851
Adjustments	-	-	-	-
Amortisation for the year	17,683	32,906	17,683	32,906
Closing Balance	<u>199,440</u>	<u>181,757</u>	<u>199,440</u>	<u>181,757</u>
Carrying amounts				
Balance at the end of the period	<u>227,966</u>	<u>231,752</u>	<u>134,345</u>	<u>138,130</u>
Balance at 1 January	<u>231,752</u>	<u>185,144</u>	<u>138,130</u>	<u>171,036</u>

14. Investment property

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	₦'000	₦'000	₦'000	₦'000
Cost				
Balance at 1 January	157,527	157,428	157,527	157,428
Adjustments	(185)	-	(185)	-
Reclassification	-	-	-	-
Additions	-	9,945	-	9,945
Disposals	-	(9,846)	-	(9,846)
Balance at the end of the period	<u>157,342</u>	<u>157,527</u>	<u>157,342</u>	<u>157,527</u>
Depreciation				
Balance at 1 January	19,400	15,234	19,400	15,234
Adjustments	-	-	-	-
Charge for the year	1,016	5,119	1,016	5,119
Disposals	-	(953)	-	(953)
Closing Balance	<u>20,415</u>	<u>19,400</u>	<u>20,416</u>	<u>19,400</u>
Carrying amounts				
Balance at the end of the period	<u>136,927</u>	<u>138,127</u>	<u>136,925</u>	<u>138,127</u>
Balance at 1 January	<u>138,127</u>	<u>145,118</u>	<u>138,127</u>	<u>142,194</u>

The fair value of the investment property as at 31st December 2015 was ₦1.686 Billion. Total revenue from the investment property as at 30th June, 2016 is ₦120.3 million.

Notes to the consolidated and separate financial statements
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15. Investment in subsidiaries

	Company	
	Jun-16	Dec-15
Shares in subsidiaries:		₦'000
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 at the end of the period	<u>39,500</u>	<u>39,500</u>
Balance at 1 January	<u>39,500</u>	<u>35,500</u>

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, transhipment, 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

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.

16. Deposit For Shares

	Company	
	Jun-16	Dec-15
	₦'000	₦'000
Balance at 1 January	1,554,538	-
Additions	-	1,554,538
Balance at the end of the period	<u>1,554,538</u>	<u>1,554,538</u>

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 period ended 30- June, 2016

17. Loan to Subsidiary

	Company	
	Jun-16	Dec-15
Loan Maturing after One year	N'000	N'000
	561,838	373,820
Loan Maturing Less than One Year	-	188,018
Balance at the end of the period	561,838	561,838

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. These facilities are payable in 60 equal instalments from 1st January, 2017 and 1st June, 2017 respectively. The facilities were granted at an interest rate of 17.75% (365 days a year).

18 Other non current assets

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	N'000	N'000	N'000	N'000
Other non current assets:				
Balance at 1 January	2,668,002	2,171,074	2,668,002	2,171,074
Additions during the year	1,405,655	1,089,054	1,405,655	1,089,054
4,073,657	3,260,128	4,073,657	3,260,128	
(301,567)	(592,126)	(301,567)	(592,126)	
(512,500)	-	(512,500)	-	
Carrying amounts	3,259,590	2,668,002	3,259,590	2,668,002
Balance at the end of the period	3,259,590	2,668,002	3,259,590	2,668,002
At 1 January	2,668,002	1,060,963	2,668,002	1,060,963

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 30th June, 2016 is held by the Trustees. (See note 29)

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19. Inventories

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Spare parts	152,275	136,436	152,275	136,436
Stationery/ Medical	29,202	13,992	29,202	13,992
Diesel	17,134	8,848	17,134	8,848
	198,611	159,276	198,611	159,276
	<hr/>	<hr/>	<hr/>	<hr/>

Spare parts consumed during the period N60.8 million (2015: N46 million) is recognised in Statement of Comprehensive Income.

20. Prepayments

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Prepayments comprise:				
Deposit for Fixed Asset	1,172,635	1,285,004	164,614	451,817
Prepaid insurance	20,059	21,599	20,059	21,599
Prepaid Rent	-	15,679	-	15,679
Prepaid Stock	138,997	-	138,997	-
Prepaid Housing	223,419	-	216,919	-
Others	362,411	63,997	325,930	51,785
	1,917,522	1,386,279	866,520	540,880

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	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Trade and other receivables comprise:				
Trade receivables (Note 32)	764,679	762,097	750,126	754,190
With holding tax receivable	514,374	469,534	514,374	469,534
Interest Receivables	0	0	123,337	123,337
Other receivables	34,945	107,652	12,852	104,676
	<hr/>	<hr/>	<hr/>	<hr/>
	1,313,999	1,339,283	1,400,690	1,451,737

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.

Amount recorded as deposit for assets are payments made for assets that are yet to be delivered as at the reporting dates.

22 Intercompany receivables

	Company	
	Jun-16 ₦'000	Dec-15 ₦'000
NFZ	658,668	539,962
Power and energy	387,795	387,795
Mainland Cargo Options	57,882	40,379
	<hr/>	<hr/>
	1,104,345	968,136

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

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

Notes to the consolidated and separate financial statements
For the period ended 30- June, 2016

23 Cash and cash equivalents

	Group		Company	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 N'000
Bank and cash balances	410,183	395,251	290,723	357,472
Domiciliary accounts	440,945	693,610	439,775	683,265
Treasury Bills	50,000	50,000	50,000	50,000
Fixed deposits	820,099	1,047,162	820,099	947,110
	1,721,226	2,186,023	1,600,596	2,037,847

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

24 Share Capital

	Group		Company	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 N'000
(a) Authorised ordinary shares of 50 kobo each				
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</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.

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Share premium

	Group		Company	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 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	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 N'000
Balance, 1 January	324,844	295,312	324,844	295,312
Dividend proposed	-	324,844	-	324,844
Paid during the year	-	(295,312)	-	(295,312)
Balance at the end of the period	324,844	324,844	324,844	324,844

Notes to the consolidated and separate financial statements
For the period ended 30- June, 2016

27 Retained earnings

	Group		Company	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 N'000
Balance, beginning of year	3,169,905	3,312,636	3,756,092	3,803,657
Issue of Bonus Shares	-	(73,828)	-	(73,828)
Dividend paid	-	(295,312)	-	(295,312)
Dividend Proposed	-	(324,844)	-	(324,844)
Balance at the end of the period	89,557	551,253	118,009	646,419
	<u>3,265,569</u>	<u>3,169,905</u>	<u>3,874,102</u>	<u>3,756,092</u>

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	
	Jun-16 N'000	Dec-15 N'000
Balance at the beginning of the year	(125,157)	15,000
Share of current losses	(1,031)	(140,157)
Balance at the end of the period	<u>(126,186)</u>	<u>(125,157)</u>

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

29 Loans and borrowings

	Group		Company	
	Jun-16 N'000	Dec-15 N'000	Jun-16 N'000	Dec-15 N'000
Unsecured at amortised cost:				
Balance at the beginning	4,165,924	4,127,682	4,165,924	4,127,682
Addition	-	-	-	-
Part Liquidation	(512,500)	38,242	(512,500)	-
Fair value adjustments	34,076	38,242	34,076	38,242
Closing Balance	<u>3,687,500</u>	<u>4,165,924</u>	<u>3,687,500</u>	<u>4,165,924</u>

In September 2009, the Company obtained approval to raise N5 billion bond but decided to raise it in tranches. Tranche 1 for N2.15 billion at 13 percent per annum was raised in October 2011 and has a 6-year tenor. The proceed has since been used to finance the modernisation of the warehouse and acquisition of state-of-the-art Ground Handling Equipment (GSE).

Tranche 2 for N2.05 billion at 15.25 percent per annum was raised in December 2013 and has a 7-year tenor. The proceed has been used to finance the acquisition of GSEs and the Company's inorganic expansion. Interest is paid to investors biannually while the capitalised sum is expected to be paid at the end of the tenor of each tranche.

During the period under review, the company sought approval from bondholders to restructure the tranche 2 bond to enable principal liquidation on a semi annual basis. 25% of the bond was liquidated at June, 2016 and the balance was spread for semi- annual liquidation 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%.

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 period ended 30- June, 2016

30 Trade and other payables

Trade and other payables comprise:

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Trade payables	2,163,117	395,504	2,163,117	395,504
Other payables	2,152,414	2,853,075	2,063,196	2,811,379
	4,315,531	3,248,579	4,226,313	3,206,883

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

30.1 Other payables

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Bond repayment	104,489	171,753	104,489	171,753
Management Support Agreement fee	67,293	105,934	67,293	105,934
Amount due to Government agencies	202,401	384,506	180,295	359,864
Concession fee; FAAN rental & service charge	578,592	774,626	578,592	774,626
Other Accruals	509,393	683,130	442,281	666,076
Directors Retirement	111,663	190,753	111,663	190,753
Industrial Training Fund	39,156	72,669	39,156	72,669
Staff Participatory Scheme	70,065	68,375	70,065	68,375
Performance Bonus	103,054	75,021	103,054	75,021
Unclaimed Dividend	326,308	326,308	326,308	326,308
	2,112,414	2,853,075	2,023,196	2,811,379

31 Deferred income/revenue

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Short term deferred income	108,419	157,548	108,419	128,384
	108,419	157,548	108,419	128,384
Long term deferred income	0	0	0	0
	108,419	157,548	108,419	128,384

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	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Current (1- 30 days)	572,669	326,878	562,669	318,971
31-60 days	54,416	315,308	49,863	315,308
60-180 days	175,249	125,747	175,249	125,747
More than 180 days	841,021	872,840	841,021	872,840
	1,643,355	1,640,773	1,628,802	1,632,866
Impairment	(878,676)	(878,678)	(878,676)	(878,676)
	764,679	762,095	750,126	754,190

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

	Group		Company	
	Jun-16 ₦'000	Dec-15 ₦'000	Jun-16 ₦'000	Dec-15 ₦'000
Balance at 1 January	(878,676)	(830,837)	(878,676)	(830,837)
Impairment losses recognised	-	(47,839)	-	(47,839)
Balance at the end of the period	(878,676)	(878,676)	(878,676)	(878,676)

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.

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Liquidity Risk

Exposure to liquidity risk

	Jun-16 ₦'000	Dec-15 ₦'000
Cash and cash equivalents (Note 23)	1,721,226	2,654,648
Deposit in DSRA (note 18)	3,259,590	1,722,557
Trade and other receivables (Note 21)	1,313,999	1,868,440
Total financial assets	6,294,816	6,245,645
Trade & Other payables	4,315,531	3,071,501
Loans and borrowings (Note 29)	3,687,500	4,127,682
Total financial liabilities	8,003,031	7,199,183
Net exposure	(1,708,215)	(953,538)

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.