

Nigerian Aviation Handling Company Plc
Unaudited Financial Position for the period ended 30th September, 2023

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Consolidated and Separate Statement of Comprehensive Income

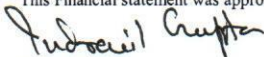
For the period ended 30th September, 2023.


	Notes	Group				Company			
		Jan. - Sept. 2023	Jan. - Sept. 2022	Jul. - Sept. 2023	Jul. - Sept. 2022	Jan. - Sept. 2023	Jan. - Sept. 2022	Jul. - Sept. 2023	Jul. - Sept. 2022
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue	5	18,535,164	11,283,220	8,047,416	4,807,980	17,802,651	10,853,570	7,706,957	4,651,609
Operating costs	9a	(8,892,313)	(6,309,428)	(3,376,836)	(2,481,324)	(8,571,401)	(6,180,566)	(3,223,774)	(2,438,084)
Gross Profit		9,642,851	4,973,792	4,670,580	2,326,656	9,231,250	4,673,004	4,483,183	2,213,525
Other Income	6	277,518	241,299	74,029	97,595	113,887	186,727	71,896	74,196
Administrative Costs	9b	(3,411,359)	(2,427,668)	(1,298,025)	(921,099)	(3,247,977)	(2,228,245)	(1,256,257)	(837,490)
Expected Credit Reversal/(Losses)		-	-	-	-	-	-	-	-
Profit from operations		6,509,009	2,787,423	3,446,584	1,503,152	6,097,160	2,631,486	3,298,822	1,450,231
Finance Income	7	(4,123)	84,218	(8,932)	17,913	(4,123)	84,218	(8,932)	17,913
Finance costs	7	(140,890)	(141,601)	(46,963)	(46,963)	(132,870)	(132,870)	(44,290)	(44,290)
Profit/(Loss) before tax		6,363,996	2,730,040	3,390,689	1,474,102	5,960,168	2,582,834	3,245,601	1,423,854
Income tax expense	8(a)	(1,400,172)	(622,945)	(766,417)	(335,366)	(1,360,434)	(581,137)	(749,656)	(320,366)
Profit/(loss) after tax		4,963,825	2,107,095	2,624,272	1,138,736	4,599,733	2,001,697	2,495,944	1,103,488.00
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		4,963,825	2,107,095	2,624,272	1,138,736	4,599,733	2,001,697	2,495,944	1,103,488
Attributable to:									
Profit/ (loss) attributable to owners of the company		4,939,139	2,097,073	2,613,884	1,136,290	4,599,733	2,001,697	2,495,944	1,103,488
Non-controlling interest	9	24,686	10,022	10,388	2,446	-	-	-	-
		4,963,825	2,107,095	2,624,272	1,138,736	4,599,733	2,001,697	2,495,944	1,103,488
Earnings per share									
Basic earnings per share (Kobo)	10	253	129	134	70	236	123	128	68
Diluted earnings per share (Kobo)	10	253	129	134	70	236	123	128	68

Consolidated and Separate Statement of Financial Position
As at 30th September, 2023

	Notes	Group		Company	
		Sept. 2023	Dec. 2022	Sept. 2023	Dec. 2022
		N'000	N'000	N'000	N'000
Assets					
Property, plant and equipment	11	7,473,197	7,621,117	7,360,345	7,498,793
Intangible assets	12	109,244	209,665	15,093	115,450
Investment property	13	285,557	287,434	285,557	287,434
Right of use asset	11a	633,810	684,891	653,568	701,312
Investment in subsidiaries	14	-	-	39,500	39,500
Deposit for shares	14	-	-	-	-
Total non-current assets		8,501,808	8,803,107	8,354,063	8,642,489
Current assets					
Inventories	17	620,645	449,465	620,645	449,465
Trade and other receivables	19	8,731,133	4,861,344	8,326,362	4,525,297
Intercompany receivables	20	-	-	417,527	627,893
Other current assets	16	-	-	-	-
Loan to Subsidiary	16	-	-	-	-
Prepayments	18	1,564,358	1,803,296	1,243,461	1,522,568
Debt instrument at amortized value	21	-	-	-	-
Cash & cash equivalent	22	2,495,549	2,810,161	1,961,637	2,261,462
Total current assets		13,411,685	9,924,266	12,569,632	9,386,685
Total assets		21,913,493	18,727,373	20,923,696	18,029,174
Equity					
Share capital	23	974,531	974,531	974,531	974,531
Share premium	24	1,752,336	1,752,336	1,752,336	1,752,336
Retained earnings	25	8,969,033	6,368,770	8,392,050	6,131,193
Total equity attributable to equity holders of the Company		11,695,900	9,095,637	11,118,917	8,858,060
Non-controlling interests	26	(44,701)	(69,387)	-	-
Total equity		11,651,199	9,026,250	11,118,917	8,858,060
Liabilities					
Loans and borrowings	27	-	-	-	-
Lease Liabilities	27b	1,184,016	1,142,809	1,194,736	1,154,759
Deferred income/revenue		-	-	-	-
Deferred tax liabilities	8C	878,208	878,207	879,947	879,947
Total non-current liabilities		2,062,224	2,021,016	2,074,683	2,034,706
Current tax liabilities	8B	1,434,310	792,626	1,379,008	740,704
Trade and other payables	28	4,708,107	5,736,989	4,511,434	5,328,452
Intercompany Payable	20	-	-	-	-
Lease Liabilities	27b	-	20,952	-	18,742
Loans & Borrowing	27	850,000	-	850,000	-
Intercompany Receivable Impairment		-	-	-	-
Deferred Income	29	1,207,654	1,129,540	989,654	1,048,510
Total current liabilities		8,200,071	7,680,107	7,730,096	7,136,408
Total liabilities		10,262,295	9,701,123	9,804,779	9,171,114
Total equity and liabilities		21,913,493	18,727,373	20,923,696	18,029,174

This Financial statement was approved by the Board of Directors on 30th Oct. 2023 and signed on its behalf by:


Indranil Gupta
Group Managing Director/CEO
FRC/2022/PRO/DIR/003/656485


Mr. Adeoye Emmanuel
Chief Financial Officer
FRC/2019/ICAN/00000019815

Consolidated and Separate Statement of changes in Equity
For the period ended 30th September, 2023

	<u>Attributable to equity holders of the Group</u>				Non-	Total Equity
	Share	Share	Retained	Total	controlling	
	Capital	Premium	Earnings		Interest	
	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2023	974,531	1,752,336	6,368,770	9,095,637	(69,387)	9,026,250
Bonus Issue of 1 for 5 units of Shares	-	-	-	-	-	-
Restatement Due to IFRS 9 Adoption	-	-	-	-	-	-
Carrying Balance at 1 Jan 2023	974,531	1,752,336	6,368,770	9,095,637	(69,387)	9,026,250
Profit for the year	-	-	4,939,138	4,939,138	24,686	4,963,824
Other comprehensive income:						
Adjustments passed within the year	-	-	-	-	-	-
Restated Balance Due to IFRS Adoption in Consolidation	-	-	-	-	-	-
Restated Balance from Arik Air Impairment Bal	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	4,939,138	4,939,138	24,686	4,963,824
Transaction with owners recognised directly in equity						
Dividend payable to owners	-	-	-	-	-	-
Dividend Paid	-	-	(2,338,876)	(2,338,876)	-	(2,338,876)
Total transactions with owners of the Company	-	-	(2,338,876)	(2,338,876)	-	(2,338,876)
As at 30th Sept. 2023	974,531	1,752,336	8,969,032	11,695,899	(44,701)	11,651,198

Nigerian Aviation Handling Company PLC Consolidated and Separate Financial Statements -- 30 September, 2023

	<u>Attributable to equity holders of the Parent</u>				Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Retained Earnings	Total		
	N'000	N'000	N'000	N'000		
As at 1 January 2023	974,531	1,752,336	6,131,193	8,858,060	-	8,858,060
Bonus Issue of 1 for 5 units of Shares Restatement Due to IFRS 9 Adoption	-	-	-	-	-	-
Carrying Balance at 1 Jan 2023	974,531	1,752,336	6,131,193	8,858,060	-	8,858,060
Profit for the year	-	-	4,599,733	4,599,733	-	4,599,733
Other comprehensive income:	<hr/>					
Defined benefit plan actuarial gains (losses)	-	-	-	-	-	-
Prior year deferred tax adjustment	-	-	-	-	-	-
Restated Balance from Arik Air Impairment Bal.	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	4,599,733	4,599,733	-	4,599,733
Transaction with owners recognised directly in equity						
Dividend payable to owners	-	-	-	-	-	-
Dividend Payment	-	-	(2,338,876)	(2,338,876)	-	(2,338,876)
Total transactions with owners of the Company	-	-	(2,338,876)	(2,338,876)	-	(2,338,876)
As at 30th Sept. 2023	974,531	1,752,336	8,392,050	11,118,917	-	11,118,917

Consolidated and Separate Statement of Cash Flows
For the year ended 30th September, 2023

Notes	Group		Company	
	Sept. 2023	Dec. 2022	Sept. 2023	Dec. 2022
	N'000	N'000	N'000	N'000
Cash Flows from Operating Activities				
Profit before Tax	6,363,996	3,842,410	5,960,168	3,618,614
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation: PPE	11 695,531	913,422	681,282	891,515
Depreciation: Investment property	13 1,877	10,319	1,877	10,319
Amortisation of intangible asset	12 1,446	6,833	1,446	6,746
Cost of assets transferred	-	-	-	-
Depreciation of the transferred asset	-	-	-	-
Depreciation of right of use of assets	55,187	51,974	51,850	47,524
Assets written off	-	25,007	-	25,007
Depreciation on Assets written off	-	(2,779)	-	(2,779)
Inventory written off	124,497	43,320	124,497	43,321
Gain/Loss on Average Cost Variance	6 (33)	(37,050)	(33)	(37,050)
Expected Credit (reversals)/ losses	9c -	237,391	-	238,546
Unrealised exchange gain	6 78,457	-	(78,913)	-
Deferred rent released to profit or loss	29 (152,205)	(208,633)	(152,205)	(208,633)
Finance cost	7 140,890	177,391	132,870	167,716
Finance income	7 4,123	(79,721)	4,123	(79,721)
Provisions no longer required	6 -	(41,663)	-	(41,663)
	949,769	1,095,811	766,793	1,060,848
	7,313,765	4,938,221	6,726,960	4,679,462
Working Capital adjustments:				
(Increase)/Decrease in inventories	(332,138)	(204,277)	(332,138)	(204,277)
(Increase)/Decrease in trade and other receivables	(5,682,831)	(2,597,696)	(5,434,055)	(2,458,687)
(Increase)/Decrease in intercompany receivables	-	-	(22,313)	(18,974)
(Increase)/Decrease in prepayments	677,974	(99,021)	778,970	(38,183)
(Decrease)/increase in trade and other payables	28 (726,059)	303,962	(853,550)	5,130
(Decrease)/increase in intercompany payable	-	-	-	-
	(6,063,054)	(2,597,032)	(5,863,087)	(2,714,991)
Cash generated from operations	1,250,711	2,341,189	863,874	1,964,471
Taxation paid	8(b) (1,344,312)	(603,907)	(1,345,046)	(562,060)
Net cash flows from operating activities	(93,601)	1,737,282	(481,173)	1,402,411
Cash Flows from Investing activities				
Purchase of property, plant and equipment	11 (547,611)	(1,363,760)	(542,834)	(1,356,975)
Right of use of assets	4,106	-	(4,106)	-
Purchase of Intangible Assets	12 -	-	-	-
Acquisition of Investment properties	13 -	(1,306)	-	(1,306)
Investment in debt Instrument	-	-	-	-
Liquidation of debt instrument	368,628	368,628	368,628	368,628
Proceeds from disposal of property, plant and equipment	-	83,419	-	83,271
Rent received	29 230,319	213,727	93,349	192,183
Outflow from Bond repayment fund	16 -	-	-	-
Grant Received	-	-	-	-
Inflow to Bond repayment fund	16 -	-	-	-
Loan to subsidiary	-	-	-	-
Loan repaid by subsidiary	15 -	-	-	-
Interest received	7 (4,123)	79,721	(4,123)	79,721
Net cash flows (used in)/ from investing activities	51,319	(619,571)	(89,086)	(634,478)
Cash Flows from Financing activities				
Repayment of bond	27 -	-	-	-
Unclaimed dividend	-	-	-	-
Finance cost	7 (140,890)	(200,805)	(132,870)	(189,030)
Dividends paid	25 (2,338,876)	(665,930)	(2,338,876)	(665,930)
Payment of interest on lease	28b -	-	-	-
Payment of Lease Liability	28b -	-	-	-
Net cash flows used in financing activities	(2,479,766)	(866,735)	(2,471,746)	(854,960)
Net (decrease)/increase in cash and cash equivalents	(316,241)	251,223	(301,453)	(87,027)
Cash at bank and in hand, beginning of year	2,811,998	2,560,775	2,263,090	2,350,117
Cash at bank and in hand, end of Period	22 2,495,757	2,811,998	1,961,637	2,263,090
Cash & cash equivalents at 30th Sept. 2023	2,495,757	2,811,998	1,961,637	2,263,090

NAHCO PLC free float status

Shareholding Structure/Free Float Status

Description	Sept. 30th, 2023		Sept. 30th, 2022	
	Units	Percentage (In relation to Issued Share Capital)	Units	Percentage (In relation to Issued Share Capital)
Issued Share Capital	1,949,062,500	100.000%	1,624,218,750	100.000%
Details of Substantial Shareholdings (5% and above)				
[Name(s) of Shareholders]				
Godsmart Nigeria Ltd	525,278,312	26.950%	437,731,927	26.950%
White Cowry Industries Limited	178,643,862	9.165%	148,869,885	9.165%
Awhua Resources Limited	138,945,487	7.129%	115,787,906	7.129%
Total Substantial Shareholdings	842,867,662	43.244%	702,389,718	43.244%
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
[Name(s) of Directors]				
Dr. Seinde Fadani Oladapo (Indirect)	-	-	-	-
Engr. Mohammed Gambo Umar, mni, FNSE (Direct)	-	-	-	-
Mrs Olatokunbo Adenike Fagbemi (Direct)	-	0%	-	0.000%
Sir Sunday Nnamdi Nwosu (Direct)	1,240	0.000%	135,715	0.008%
Mr. Akinwumi Godson Fanimokun (Direct)	7,031,932	0.361%	5,726,610	0.353%
Mr. Salman Taofeeq Oluwatoyin (Direct)	-	-	-	-
Engr. Solagbade Olukayode Alabi (Indirect)	-	-	-	-
Mr. Tajudeen Moyosola Shobayo (Direct)	18,505,280	0.949%	10,018,250	0.617%
Mr. Olumuyiwa Augustus Olumekun (Direct)	-	-	-	-
Mrs. Abimbola Adunola Adebakin (Direct)	-	-	-	-
PROF. ENYINNA UGWUCHI OKPARA	39,600	0.008%	33,000	-
Prince Saheed Lasisi (Direct)	6,256,985	0.321%	4,930,905	0.304%
Total Directors' Shareholdings	31,835,037	1.633%	20,844,480	1.283%
Details of Other Influential shareholdings, if any (E.g. Government, Promoters)				
[Name(s) of Entities/ Government]				
	-	-	-	-
Total of Other Influential Shareholdings	-	-	-	-
Free Float in Unit and Percentage	1,074,359,801	55.122%	900,984,552	55.472%
Free Float in Value	N25,623,481,277.70		N5,090,562,718.80	

Declaration:

A) NAHCO Plc with a free float percentage of 55.122% as at 30 Sept. 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

A) NAHCO Plc with a free float percentage of 55.4729% as at 30 Sept 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

Note:

* Share Price as at Sept. 30th, 2023 **N23.85**

* Share Price as at Sept. 30th, 2022 **N5.50**

NIGERIAN AVIATION HANDLING COMPANY PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2023

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 year ended 30 September, 2023 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 the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Directors on 30 Oct. 2023.

(b) Functional and presentation currency

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

(c) Basis of measurement

These financial statements are prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of the consolidated and separate financial statements is in conformity with the IFRSs requires management to make judgments, 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 judgments 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.

2. Basis of preparation – Continued

(d) Use of estimates and judgments - Continued

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Determining the timing of satisfaction of Ground and Cargo Handling Services

Revenue from contract with customers is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company has determined that the input method is the best method in measuring progress of Ground and Cargo Handling Services contracts because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Company's performance completed to date.

Operating lease commitments – Group as lessor

The group has entered into commercial property leases on its investment property portfolio. The group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Going concern

The group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(d) Use of estimates and judgments – Continued

Discount rate used to determine the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) as it relates to each specific subsidiary to measure lease liabilities. The IBR is the rate of interest that each entity in the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk-free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate.

Step 2: Financing spread adjustment: Use credit spreads from debt with the appropriate term by considering Company's stand-alone credit rating or similar Company credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to check the overall IBRs calculated.

Re-assessment of useful lives and residual values

The Group carries its PPE at cost less accumulated depreciation and impairment in the consolidated and separate statements of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Basis of preparation – Continued

(d) Use of estimates and judgments – Continued

Impairment of non-financial assets- Continued

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated and separate statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2. Basis of preparation – Continued

(d) Use of estimates and judgments – Continued

Provision for expected credit losses of trade receivable

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group

obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognized at fair value.

(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. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

(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 gains or losses 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 the 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 Group 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 the profit or loss as incurred.

Depreciation

Depreciation is recognised in the 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- 5 years
Plant and machinery	6-15 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 software 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.

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 the 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 includes direct cost and appropriate overheads and is determined on the first-in first-out method.

(f) Financial Instruments

i) Financial assets

Recognition

Non-derivative financial instruments- recognition and measurement

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Group initially recognizes trade and other receivables on the date of transaction. Transaction cost of a financial asset measured at fair value through profit or loss is recognized as profit or loss.

Classification of non-derivative financial assets

Classification and measurement model of non-derivative financial assets are summarized as follows. The Group classifies financial assets at initial recognition as financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income,

(f) Financial Instruments – Continued

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
 - Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
 - Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
 - Financial assets at fair value through profit or loss
- equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both the following condition is classified as a financial asset measured at amortized cost.

- The financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(f) Financial Instruments – Continued

i) Classification of non-derivative financial assets – Continued

Debt instruments measured at fair value through other comprehensive income

A debt instrument that meets both the following condition is classified as a financial asset measured at fair value through other comprehensive income.

- The financial asset is held within the Group’s business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to profit or loss when debt instrument is derecognized.

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.

Derecognition of financial assets

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.

ii. Non-derivative financial liabilities.

Recognition and measurement of financial liabilities

The Group recognizes financial debt when the Group becomes a party to the contractual provisions of the instruments. The measurement of financial debt is explained in (b) Classification of financial liabilities.

3. Significant accounting policies – Continued

(f) Financial Instruments – Continued

(b) Classification of financial liabilities

A financial liability other than those measured at fair value through profit or loss is classified as a financial liability measured at amortized cost. A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when the financial liability is distinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

Impairment of financial asset

The Group recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as loss allowance. Whether credit risk is significantly increased or not is determined based on the changes in default risk. To determine if there is a change in default risk, following factors are considered. However, the Group always measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses.

- External credit rating of the financial asset
- Downgrade of internal credit rating
- Operating results, such as decrease in sales, decrease in working capital, asset deterioration and increase in leverage.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'administrative expenses' in the profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income.

Cash and cash equivalents

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

(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.

3. Significant accounting policies – Continued

(g) Share Capital – Continued

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 reporting 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.

(j) 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 the 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.

(k) 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.

(l) Revenue from customers from contract

The group is involved in aviation cargo, aircraft handling, crew and passenger transportation service delivery and power distribution. Revenue from contract with customer is recognized when controls of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in an exchange for those goods and services.

3. Significant accounting policies – Continued

(l) Revenue from customers from contract- Continued

Passenger and Aircraft Handling services

The performance obligation is satisfied overtime and payment is generally due upon completion and acceptance of the customers.

Cargo Handling services

These are contracts with customers with respect to cargo handling services and the performance is satisfied overtime and payment is generally due upon completion and acceptance of the customers.

(l) 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.

(m) 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 on a straight- line basis. Fair values are determined at the end of the reporting period and disclosed.

(n) 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.

(o) Fair value measurement

The group measures financial instruments and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3. Significant accounting policies – Continued

(0) Fair value measurement - Continued

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(p) Current versus non-current classification

The group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(q) Policy on Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. Significant accounting policies – Continued

Policy on Leases- continued

Group as a lease

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use of assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, plus any accrued lease liabilities or prepayments. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office building 15-20 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include only fixed payments.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a lessee

The Group has lease contracts for various land and buildings used in its operations. Leases of land and buildings generally have lease terms between 15 to 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Most of these lease contracts contain extension and termination options which have been considered in the non-cancellable period of the lease.

3. Significant accounting policies – Continued

(r) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

4. Changes in accounting policies and disclosures

4a. Standards and interpretations issued and effective

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

☒ To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

☒ To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

☒ To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

4a. Standards and interpretations issued and effective- continued

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4b. Standards and interpretations issued not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2021 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is

accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's audited financial statements.

IFRS 17- Insurance Contract

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

4b. Standards and interpretations issued not yet effective- continued

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Standards and interpretations issued not yet effective- continued

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to

contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Company.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Standards and interpretations issued not yet effective- continued

Definition of Accounting Estimates - Amendments to IAS 8- continued

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company’s accounting policy disclosures.

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

(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.

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 *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

Other non-derivative financial

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	
	Sep-23	Sep-22	Sep-23	Sep-22
	N'000	N'000	N'000	N'000
Revenue from Contracts with Customers:				
Passenger/ Aircraft handling	11,560,316	6,854,712	11,240,972	6,646,120
Leasing/ Disinfection, Other Services	1,205,671	342,950	1,205,671	342,950
Revenue from Contracts with Customers	12,765,987	7,197,662	12,446,643	6,989,070
Other Revenue				
Cargo handling (Import Cargo)	4,489,884	3,676,403	4,076,715	3,455,345
Cargo handling (Export Cargo)	632,793	437,934	632,793	437,934
Equipment rental and maintenance	1,169,875	565,571	1,169,875	565,571
Other Revenue	6,292,552	4,679,908	5,879,383	4,458,850
Discount Allowed/Sales Comm	(523,375)	(594,350)	(523,375)	(594,350)
Total Revenue	18,535,164	11,283,220	17,802,651	10,853,570

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.

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

6 Other Income

	Group		Company	
	Sep-23	Sep-22	Sep-23	Sep-22
	N'000	N'000	N'000	N'000
Rental income from investment property	152,205	156,260	152,205	156,260
Foreign exchange(loss)/gain -realized	78,457	(49,365)	(78,913)	(49,365)
Sundry Income	22,281	123,742	16,021	69,170
Average Cost Variance	(33)	-	(33)	-
Invoice Price Variance	20,878	9,182	20,878	9,182
Income from training services	3,729	1,480	3,729	1,480
Grants	-	-	-	-
	277,518	241,299	113,887	186,727

7 Finance income and expense

	Group		Company	
	Sep-23	Sep-22	Sep-23	Sep-22
	N'000	N'000	N'000	N'000
Finance income:				
Interest income on Bond reserve	-	-	-	-
Interest income on Treasury bills	-	1,115	-	1,115
Interest income on fixed & bank deposits	(4,123)	83,104	(4,123)	83,104
Accrued Interest income on Loan (Note 16)	-	-	-	-
Interest income on debt instruments	-	-	-	-
Other Finance Income	-	-	-	-
	(4,123)	84,219	(4,123)	84,219
Interest expense on financial				
Interest on Bond	-	-	-	-
Other Bond charges	-	-	-	-
Bank and other Charges	-	-	-	-
Other Interest expense	8,020	8,731	-	-
Interest cost on lease liabilities	-	-	-	-
Finance Cost Lease	132,870	132,870	132,870	132,870
Finance expense	140,890	141,601	132,870	132,870
Net finance costs	(145,013)	(57,382)	(136,993)	(48,651)

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

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

8. Taxation

(a) The tax charge for the period comprises:

	Group		Company	
	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Company income tax	1,377,425	622,479	1,341,038	581,137
Police Trust Fund	-	-	-	-
NASENI Fund Expense	8,142	-	8,142	-
Education tax	3,350	466	-	-
Prior Year Underprovision	11,255	-	11,255	-
	<u>1,400,172</u>	<u>622,945</u>	<u>1,360,434</u>	<u>581,137</u>
Deferred tax	-	-	-	-
	<u>1,400,172</u>	<u>622,945</u>	<u>1,360,434</u>	<u>581,137</u>

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

	Group		Company	
	Sep-22 N'000	Dec-22 N'000	Sep-22 N'000	Dec-22 N'000
Balance, beginning of year	1,378,450	961,665	1,363,620	957,758
Charge for the year (Note(a))	1,400,172	622,945	1,360,434	581,137
Actual Payment made during the year	(1,344,312)	(200,777)	(1,345,046)	(175,275)
Withholding Tax offset	-	(5,383)	-	-
Balance, end of period	<u>1,434,310</u>	<u>1,378,450</u>	<u>1,379,008</u>	<u>1,363,620</u>

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

	Group		Company	
	Sep-22 N'000	Dec-22 N'000	Sep-22 N'000	Dec-22 N'000
At 1 January	878,208	715,706	879,947	725,164
Effect of adoption of IFRS 9	-	-	-	-
At 1 January restated	878,208	715,706	879,947	725,164
Charge for the period/year	-	162,502	-	154,783
As at 30th September, 2023	<u>878,208</u>	<u>878,208</u>	<u>879,947</u>	<u>879,947</u>

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

9. Profit from operations

Profit for the year attributable to:

	Group		Company	
	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Owners of the company	4,939,139	2,097,074	4,599,733	2,001,697
Non-controlling interests	24,686	10,022	-	-
	4,963,825	2,107,096	4,599,733	2,001,697

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

(a) Operating Costs;

	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Payroll Costs	5,311,095	3,581,906	5,225,783	3,554,410
Depreciation, Amortisation & Impairment	618,281	610,456	596,643	607,083
Diesel	513,725	303,160	512,773	302,456
Oil, Motor Repairs & fuel expenses	59,458	30,000	59,403	30,000
Trainings (Internal & External)	86,964	78,654	85,364	74,254
Outstation & Estacode Allowance	6,395	20,238	5,707	20,040
Air Ticket (Local & Foreign)	10,759	12,055	9,975	11,641
Other Security Expenses	9,157	14,449	9,157	14,449
Machineries & Equipemnt Spares	192,895	173,863	192,895	173,863
Boots, Helmets, Ear Muff & Co.	1,638	38,205	1,638	38,205
Computer Consumables & Network Exps	75,984	14,987	75,984	14,432
Electricity	46,924	60,910	45,888	60,405
Insurance	83,200	66,032	81,252	64,420
Printing & Stationaries	21,783	31,945	20,601	30,693
Subscriptions	19,851	47,771	18,469	46,075
Relocation Expenses (Staff & Equipments)	41,776	47,779	41,776	47,779
Equipment Lease Rental	223,947	45,516	223,947	45,516
Aircraft Disinfectant Expenses	30,185	21,094	30,185	21,094
Local Transport	3,169	2,101	3,134	1,751
Office Maintenance	3,243	20,423	3,113	20,298
Warehouse Maintenance	24,376	40,460	24,376	40,460
Concession Expenses	951,371	530,028	951,371	530,028
Other Operating Costs	556,137	517,396	351,964	431,214
	8,892,313	6,309,428	8,571,401	6,180,566

	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
9(a) Other Operating Costs:				
Clearing Charges	26,388	26,473	26,388	26,473
Office Plant, Equipment, Fittings & Value Added service exps	45,746	31,956	1,162	3,016
Postages, Telex, Newspaper & Periodicals	8,526	7,452	8,526	7,452
Office Rent	24,343	27,850	24,343	27,850
Hotel Accomodation	2,719	1,413	2,719	1,413
Other Motor Running Expenses & Vehicles Licence	5,819	21,252	4,130	19,874
Consumables	28,181	5,851	28,181	4,351
Operational Cost - Inland Freights	134,593	-	-	-
Maintenance	3,844	53,681	3,844	53,681
Year end Gifts	24,581	110,515	19,706	108,115
Long Service Award	30,384	29,856	28,696	29,856
Palliative Support Allowance	23,422	-	19,890	-
Hajj Expenses	124,065	100,850	124,065	100,850
Others	57,624	50,079	44,412	48,283
	556,137	467,228	351,964	431,214

Details of Other Costs:

(b) Administrative Expenses:	Group		Company	
	Sep-23	Sep-22	Sep-23	Sep-22
	N'000	N'000	N'000	N'000
Payroll Costs	1,312,181	946,177	1,240,431	875,585
Directors Remuneration	93,950	75,725	93,950	72,225
Board Expenses	340,318	254,166	318,037	227,222
Depreciation, Amortisation & Impairment	152,561	91,459	140,013	75,541
Trainings (Internal & External)	39,692	26,625	35,880	26,399
Outstation & Estacode Allowance	77,159	58,262	76,149	55,626
Hotel Accomodation	86,426	43,458	86,426	43,458
Air Ticket (Local & Foreign)	75,372	82,714	75,372	78,800
Outsourced Security	49,196	39,873	48,071	37,797
Other Security Expenses	30,878	23,228	29,753	21,111
Computer Consumables & Network Exps	103,854	40,976	102,870	34,237
Electricity	85,460	23,997	70,460	21,000
Insurance	20,023	16,781	19,606	16,019
Printing & Stationaries	48,435	26,511	46,445	24,935
Audit Fees	15,136	14,475	12,698	11,288
Office Maintenance	60,374	57,931	60,374	53,909
Warehouse Maintenance	32,769	18,590	32,769	18,590
Advertisement	8,541	8,787	8,541	7,197
Corporate Social Responsibility, Corporate gifts & year end gifts	53,291	43,480	53,291	43,090
Public Relation, Business Promotion & Business Dev. Exp.	342,564	128,401	328,897	127,801
Subscriptions	49,157	57,170	47,774	52,307
Professional Fees ***	120,262	54,286	120,262	54,286
Other Administrative Expenses	213,762	294,596	199,909	249,822
	3,411,359	2,427,668	3,247,977	2,228,245

(b) Other Administrative Expenses:	Group		Company	
	Sep-23	Sep-22	Sep-23	Sep-22
	N'000	N'000	N'000	N'000
Other Motor Running Expenses	4,552	4,894	3,676	4,894
Telephone	8,805	3,635	8,305	2,809
Entertainment	9,366	11,164	9,201	10,560
Postages, Telex, Newspaper & Periodicals	5,435	7,914	5,435	7,874
Consumables	9,294	8,790	9,294	8,790
Bank Charges	36,729	26,962	35,350	25,854
Clearing Charges	22,951	21,809	22,701	19,225
Palliative Support Allowance	5,726	-	3,267	-
Long Service Award	18,254	18,679	18,254	17,659
Others	88,113	190,749	79,889	152,157
	213,762	294,596	199,909	249,822

Professional Fees *** : are as analysed below;

	Group		Company	
	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Consulting Fees	99,388	23,879	99,388	23,879
Registrar's Fees	11,357	9,541	11,357	9,541
Legal Fees	9,517	20,866	9,517	20,866
	120,262	54,286	120,262	54,286

Depreciation

	Group		Company	
	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Depreciation of property, plant and equipment	746,383	633,657	733,335	618,802
Amortisation of intangible assets	1,446	5,060	1,446	5,060
Depreciation of investment property	1,875	7,747	1,875	7,747
Depreciation of right of use of asset	21,137	55,451	-	51,016
	770,842	701,915	736,656	682,625

Depreciation Charge

	Group		Company	
	Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Operating Costs	618,281	610,456	596,643	607,083
Admin expenses	152,561	91,459	140,013	75,542
	770,842	701,915	736,656	682,625

10. Basic earnings per share

	Group	
	Sept. 23 N'000	Sept. 22 N'000
Profit attributable to ordinary shareholders	4,939,138	2,097,074
Weighted average number of ordinary shares	1,949,062	1,949,062
Basic EPS	253	108

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

11. Property, plant and equipment

	Building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Computer Equipment N'000	Furniture & Equipment N'000	Right of Use Assets N'000	Capital WIP N'000	Total N'000
<u>COMPANY</u>								
COST								
At 1 January 2023	3,284,951	9,101,931	846,364	1,651,191	542,423	-	789,460	16,216,320
Additions	-	-	300,785	8,545	59	-	233,445	542,834
Reclassified	-	(222)	-	(44)	66	-	200	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	-	(222)	300,785	8,501	125	-	233,645	542,834
Additions	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	3,284,951	9,101,709	1,147,149	1,659,692	542,548	-	1,023,105	16,759,154
Depreciation								
At 1 January 2023	735,069	5,528,461	454,604	1,513,487	485,906	-	-	8,717,527
Charge for the year	51,553	471,516	73,493	50,938	33,782	-	-	681,282
Disposal	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	51,553	471,516	73,493	50,938	33,782	-	-	681,282
Charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	786,622	5,999,977	528,097	1,564,425	519,688	-	-	9,398,809
NET BOOK VALUE								
As at 30th Sept. 2023	2,498,329	3,101,732	619,052	95,267	22,860	-	1,023,105	7,360,345
At 31 December 2022	2,549,882	3,573,470	391,760	137,704	56,517	-	789,460	7,498,793

11. Property, plant and equipment (Group)

	Building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Computer Equipment N'000	Furniture & Equipment N'000	Right of Use Assets N'000	Capital WIP N'000	Total N'000
<u>COMPANY</u>								
COST								
At 1 January 2023	3,373,066	9,913,854	886,364	1,672,912	602,638	-	789,460	17,238,294
Additions	-	610	300,785	12,712	59	-	233,445	547,611
Assets Reclassified	-	(222)	-	(44)	66	-	200	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	-	388	300,785	12,668	125	-	233,645	547,611
Additions	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	3,373,066	9,914,242	1,187,149	1,685,580	602,763	-	1,023,105	17,785,905
Depreciation								
At 1 January 2023	747,234	6,324,903	490,723	1,530,785	523,532	-	-	9,617,177
Charge for the year	52,874	474,943	76,436	52,887	38,391	-	-	695,531
Disposal	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	52,874	474,943	76,436	52,887	38,391	-	-	695,531
Charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
As at 30th Sept. 2023	800,108	6,799,846	567,159	1,583,672	561,923	-	-	10,312,708
NET BOOK VALUE								
As at 30th Sept. 2023	2,572,958	3,114,396	619,990	101,908	40,840	-	1,023,105	7,473,197
At 31 December 2022	2,625,832	3,588,951	395,641	142,127	79,106	-	789,460	7,621,117

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

11. Right of use of Asset

	ROU N'000	Leasehold Land N'000	Total N'000
<u>COMPANY</u>			
COST			
At 1 January 2023	894,987	50,218	945,205
Additions	-	4,106	4,106.00
Disposals	-	-	-
Transfer	-	-	-
	-	4,106	4,106
As at 30th Sept. 2023	894,987	54,324	949,311
Depreciation			
At 1 January 2023	232,987	10,906	243,893
Charge for the year	51,016	834	51,850
Disposal	-	-	-
Transfer	-	-	-
As at 30th Sept. 2023	51,016	834	51,850
As at 30th Sept. 2023	284,003	11,740	295,743
NET BOOK VALUE			
As at 30th Sept. 2023	610,984	42,584	653,568
As at 31st Dec. 2022	662,000	39,312	701,312

	ROU N'000	Leasehold Land N'000	Total N'000
<u>GROUP</u>			
COST			
At 1 January 2023	903,637	50,218	953,855
Additions	-	4,106	4,106
Disposals	-	-	-
Transfer	-	-	-
As at 30th Sept. 2023	-	4,106	4,106
As at 30th Sept. 2023	903,637	54,324	957,961
Depreciation			
At 1 January 2023	258,058	10,906	268,964

Charge for the year	54,353	834	55,187
Disposal	-	-	-
Transfer	-	-	-
As at 30th Sept. 2023	<u>54,353</u>	<u>11,740</u>	<u>66,093</u>
As at 30th Sept. 2023	<u>312,411</u>	<u>11,740</u>	<u>324,151</u>
NET BOOK VALUE			
As at 30th Sept. 2023	<u>591,226</u>	<u>42,584</u>	<u>633,810</u>
As at 31st Dec. 2022	<u>645,579</u>	<u>39,312</u>	<u>684,891</u>

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

12. Intangible assets

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Cost				
Balance at 1 January	441,756	441,756	347,284	347,284
Additions	-	-	-	-
As at 30th Sept. 2023	441,756	441,756	347,284	347,284
Amortisation				
Balance at 1 January	331,002	324,169	330,746	324,000
Amortisation for the year	1,510	6,833	1,446	6,746
As at 30th Sept. 2023	332,512	331,002	332,192	330,746
Carrying amounts				
As at 30th Sept. 2023	109,244	110,754	15,093	16,538

13. Investment property

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Cost				
As at 1 January	419,722	418,416	419,722	418,416
Additions	-	1,306	-	1,306
Disposals				
As at 30th Sept. 2023	419,722	419,722	419,722	419,722
Depreciation				
Balance at 1 January	132,288	121,969	132,288	121,969
Charge for the year	1,877	10,319	1,877	10,319
Disposals				
As at 30th Sept. 2023	134,165	132,288	134,165	132,288
Carrying amounts				
As at 30th Sept. 2023	285,557	287,434	285,557	287,434

The fair value of the investment property as at 30 Sept. 2023 was N687.4million (2022: N694Million). Total rental revenue from the investment property as at 30th Sept. 2023 was N52.009million. The fair value of the properties are based on valuation performed by **Jide Taiwo & Co.** accredited independent valuers. (FRC/12/000000000254) with their staff lead valuer in person of **Mr. Akinola Toheeb** (FRC/2022/PRO/NIESV/004/362480) is a renowned specialist in valuing this types of investment properties.

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

13 Investment property - Contd

	Company & Group	
	Sep-23	Dec-22
	N'000	N'000
Rental Income derived from Investment Properties	152,205	208,633
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(11,165)	(10,319)
	<u>141,040</u>	<u>198,314</u>
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	-	-
Profit arising from investment properties	<u>141,040</u>	<u>198,314</u>

The group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

14. Investment in subsidiaries

	Company	
	Sep-23	Dec-22
	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
Deposit for Shares in NFZ	-	-
Balance as at the end of the period	<u>39,500</u>	<u>39,500</u>

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

(I) 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

(II) NAHCO Energy, Power & Infrastructure 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.

14. Investment in subsidiaries - continued

(III) 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 remaining 60% are owned by NAHCO Energy and Power Limited. In addition, the business strategy, operations and the board of the Company are under the control of Nigerian Aviation Handling Company Plc. The Company is into cargo logistics and started operations in 2015.

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

17. Inventories

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Spare parts	272,693	321,717	272,693	321,717
General & Medical	147,499	53,497	147,499	53,497
Diesel & Lub.	200,453	74,251	200,453	74,251
	620,645	449,465	620,645	449,465

18. Prepayments

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Prepayments comprise:				
Deposit for property & equipment	812,827	1,596,963	555,354	1,343,964
Prepaid insurance	44,189	42,490	42,216	40,792
Prepaid Stock	225,689	10,772	225,689	10,775
Others	481,652	153,071	420,202	127,037
	1,564,358	1,803,296	1,243,461	1,522,568

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

19. Trade and other receivables

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Trade and other receivables comprise:				
Trade receivables (Note 30)	5,727,919	4,262,665	5,346,973	3,966,245
Less Impairment (Note 30)	(701,196)	(951,196)	(691,045)	(941,045)
	5,026,723	3,311,469	4,655,928	3,025,200
With holding tax receivable	1,282,471	898,499	1,282,471	856,437
Other receivables	2,421,939	651,376	2,387,963	643,660
	8,731,133	4,861,344	8,326,362	4,525,297

Trade receivables are invoices on ground handling services issued to customers net of taxes and impairment on the debts. The group's credit policy allows a 30 day credit period for all its customers. Other receivables consist of advances to staff and withholding tax clearing balances for routine services to be carried out. This is to be retired within fourteen (14) days or on the completion of projects

20 Intercompany receivables

	Company	
	Sep-23	Dec-22
	N'000	N'000
NFZ	8,988	199,988
NAHCO Energy, Power and Infrastructure Ltd	420,760	420,760
Mainland Cargo Options	-	19,366
	429,748	640,114
Impairment for the year	(12,221)	(12,221)
	417,527	627,893

Intercompany payables

	Company	
	Sep-23	Dec-22
	N'000	N'000
NFZ	-	-
NAHCO Energy, Power and Infrastructure Ltd	-	-
Mainland Cargo Options	-	-
	-	-
Net Intercompany Receivable/(Payables)	417,527	627,893

Intercompany (payable)/receivables are payments received by Plc/made on behalf of the subsidiaries. The subsidiaries have been informed. Intercompany (payable)/receivables are eliminated in the consolidated accounts of the Group.

21 Debt instrument at amortised cost

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
As At 1st January	-	368,628	-	368,628
Liquidation	-	(368,628)	-	(368,628)
Treasury bills	-	-	-	-
Impairment	-	-	-	-
Federal Govt Treasury bills	-	-	-	-

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

22 Cash and cash equivalents

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Bank and cash balances	1,694,638	1,542,263	1,328,904	1,505,513
Domiciliary accounts	210,536	597,046	192,579	205,347
Fixed deposits	590,583	672,689	440,154	552,230
	2,495,757	2,811,998	1,961,637	2,263,090
Impairment of Short Term Deposits	(209)	(1,837)	-	(1,628)
	2,495,549	2,810,161	1,961,637	2,261,462

included in short term deposits is the investment placed for unclaimed dividend as at 30th Sep, 2023. Short term deposits are made for varying period between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

23 Share Capital

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
(a) Authorised ordinary shares of 50 kobo each	1,949,062	1,949,062	1,949,062	1,949,062
(b) Called-up and fully paid ordinary share capital:	974,531	974,531	974,531	974,531

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.

24 Share premium

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Balance at the end of the period	1,752,336	1,752,336	1,752,336	1,752,336

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

Notes to the consolidated and separate financial statements

For the period ended 30th Sept, 2023

25 Retained earnings

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Balance, beginning of year	6,368,770	4,376,542	6,131,193	4,249,250
Dividend paid	(2,338,876)	(665,930)	(2,338,876)	(665,930)
Total comprehensive income for the year	4,939,139	2,658,158	4,599,733	2,547,873
Prior year deferred Tax adjustment	-	-	-	-
Re-statement due to IFRS Adoption consolidation	-	-	-	-
Re-statement due to Outstanding Bal. Impairment	-	-	-	-
	8,969,033	6,368,770	8,392,050	6,131,193

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

26 Non controlling interests

	Company	
	Sep-23	Dec-22
	N'000	N'000
As at 31 January	(69,387)	(84,972)
Share of prior year effect of implementation of new star	-	-
Share of current profit/(losses)	24,686	15,585
As at 30 Sept. 2023	(44,701)	(69,387)

This represents the portion of the minority shareholder in the called up share capital of the subsidiary, NAHCO Energy and NAHCO Energy and Power Limited, together with their share of losses that are attributable to their proportion of the ordinary share capital.

26b Changes in Liabilities arising from financing activities

	1 Jan 2018	Dividend Declared	31 Dec 2018
	N'000	N'000	N'000
Dividend declared & paid	-	406,055	-
Unclaimed Dividend	480,559	-	566,261
Total liabilities from fin. Activities	480,559	406,055	566,261

This represents the portion of the minority shareholder in the called up share capital of the subsidiary, NAHCO Energy and NAHCO Energy and Power Limited, together with their share of losses that are attributable to their proportion of the ordinary share capital.

27 Loans and borrowings

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Unsecured at amortised cost:				
Balance at the beginning	-	-	-	-
Addition	-	-	-	-
Interest expense	-	-	-	-
Part Liquidation	-	-	-	-
Interest paid	-	-	-	-
As at 30th Sept. 2023	-	-	-	-
Current	850,000	-	850,000	-
Non-current	-	-	-	-
	850,000	-	850,000	-

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 increasing the interest on tranche 2 to 15.75%. Also, 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.

27b

Company as a lessee

The Group has lease contracts for Building and warehouse used in its operations. Leases of Warehouses generally have lease terms between 2 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets..

Set out below are the carrying amounts of right-of-use assets recognised

	Group	Company
	N'000	N'000
As at 1 January 2023 (restated)	957,961	949,311
Additions (Note ...)	-	-
Depreciation expense	66,093	51,850
As at 30th Sept, 2023	<u>1,024,054</u>	<u>1,001,161</u>

Set out below are the carrying amounts of lease liabilities (included

	Group	Company
	N'000	N'000
As at 1 January	-	-
Additions	1,184,016	1,194,736
Accretion of interest	-	-
Payments	-	-
As at 30th Sept 2023	<u>1,184,016</u>	<u>1,194,736</u>
Current	-	-
Non-current	-	-
	<u>1,184,016</u>	<u>1,194,736</u>

The following are the amounts recognised in profit or loss:

	Group	Company
	2023	2023
	N'000	N'000
Depreciation expense of right-of-use assets	66,093	51,850
Interest expense on lease liabilities	-	-
Total amount recognised in profit or loss	<u>66,093</u>	<u>51,850</u>

Notes to the consolidated and separate financial statements

For the period ended 30th September, 2023

28a Trade and other payables

Trade and other payables comprise:

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Trade payables	(1,762,177)	1,522,002	(1,823,801)	1,462,933
Other payables	6,470,284	4,214,987	6,335,235	3,865,519
	4,708,107	5,736,989	4,511,434	5,328,452

28b Other payables

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
VAT Payable	524,338	283,356	524,338	283,356
WHT Payable	113,446	126,243	113,446	126,243
Other Deferred Income	-	-	-	-
Amount due to Government agencies	362,361	149,868	360,012	122,886
Concession fee; FAAN rental & service charge	1,790,433	819,747	1,790,433	819,747
Directors Retirement	288,574	221,908	288,574	221,908
Industrial Training Fund	295,076	265,431	295,076	265,431
Staff Participatory Scheme	264,159	263,738	264,159	263,738
Performance Bonus	130,600	474,465	130,600	470,365
Unclaimed Dividend	589,248	610,951	589,248	610,953
Other Accruals	2,112,050	999,280	1,979,349	680,892
	6,470,284	4,214,987	6,335,235	3,865,519

Other Accruals include provisions made for Staff related benefits, Directors fee and other 3rd party sundry payables.

29 Deferred income/revenue

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Balance as at 1 January	1,129,540	1,124,446	1,048,510	1,064,960
Deferred Income (Nig. Export Promotion Council)	-	-	-	-
Rent received during the year	230,319	213,727	93,349	192,183
Amount released to profit or loss	(152,205)	(208,633)	(152,205)	(208,633)
Balance at end of period	1,207,654	1,129,540	989,654	1,048,510

The above represents majorly, rent received in advance from investment properties and warehouses

30 Impairment losses

The aging of trade receivables at the reporting date was:

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
Current	3,510,414	1,453,794	3,501,232	1,444,612
1- 30 days	3,560	242,773	(285)	238,928
31-60 days	209,934	381,397	199,169	290,632
61-90 days	140,858	212,321	112,099	153,562
91-180 days	215,557	616,476	190,230	551,149
181-360 days	573,222	476,812	552,832	393,243
360 days above	1,074,374	879,092	791,696	894,119
	5,727,919	4,262,665	5,346,973	3,966,245
Impairment	(701,196)	(951,196)	(691,045)	(941,045)
	5,026,723	3,311,469	4,655,928	3,025,200

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

	Group		Company	
	Sep-23	Dec-22	Sep-23	Dec-22
	N'000	N'000	N'000	N'000
As at 1 January	951,196	737,495	941,045	686,303
Re-statement due to IFRS 9 adoption	-	-	-	-
Impairment recovered	-	-	-	-
Derecognition of Assets	(475,000)	(39,831)	(475,000)	-
Allowance for expected credit losses	225,000	253,532	225,000	254,742
As at 30 Sept. 2023	701,196	951,196	691,045	941,045

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 period ended 30th September, 2023

31 Liquidity Risk

Exposure to liquidity risk

	<u>Sep-23</u>	<u>Dec-22</u>
	N'000	N'000
Cash and cash equivalents (Note 22)	2,495,549	2,560,775
Debt instrument at amortized cost (Note 21)	-	355,883
Trade and other receivables (Note 19)	<u>8,731,133</u>	<u>4,861,344</u>
Total financial assets	<u>11,226,682</u>	<u>7,778,002</u>
Trade & Other payables (Note 28)	4,708,107	5,736,989
Lease Liabilities		
Total financial liabilities	<u>4,708,107</u>	<u>5,736,989</u>
Net cover	<u>6,518,575</u>	<u>2,041,013</u>

The maturity profile of the Group's lease liabilities based on contractual undiscounted payments are disclosed as follows:

	On demand	Within 1 year	2-5years	> 5years
	N'000	N'000	N'000	N'000
Lease liabilities	136,806	205,428	730,977	2,590,141

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.

Securities Trading Policy

In compliance with 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule)

Nigerian Aviation Handling Company Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares.

The policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.