

Airline Services & Logistics Plc RC:304508

**Unaudited Nine Months Condensed Group IFRS Report
For the third quarter ended 30 September 2013**

Corporate Information

BOARD OF DIRECTORS

Chairman	Dr. Patrick Dele Cole
Managing Director / Chief Executive Officer	Mr. Richard T. Akerele
Non Executive Directors	Otunba Solomon K. Onafowokan OON Ms. Jumoke Ogundare Mr. Mohammed Sadiq Mr. Alfred Rigler (German)

PROFESSIONAL ADVISERS

Company Secretary & Legal Adviser	LPC Solicitors Stonehouse, 9, Oyo Close Off Niger Street Parkview Estate, Ikoyi Lagos
Registrar	Meristem Registrars Limited 213, Herbert Macaulay Way Adekunle-Yaba Lagos
Auditors	Akintola Williams Deloitte (West & Central Africa) Chartered Accountants 235, Ikorodu Road P.O. Box 965, Marina Lagos
Bankers	Access Bank Plc Ecobank Nigeria Plc Guaranty Trust Bank Plc Stanbic IBTC Bank Plc

REGISTERED OFFICE

1, Service Street
P.O. Box 4953, Murtala Muhammed International Airport
Ikeja
Lagos

WEBSITE

www.aslafrica.com

AIRLINE SERVICES AND LOGISTICS PLC.

RC.304,508

Unaudited Nine Months Condensed IFRS Report For the third quarter ended 30 September 2013

C O N T E N T S

Corporate Information

Financial Highlights

Statement of Financial Position

Statement of Comprehensive Income

Statement of Cashflows

Statement of Changes in Equity

Notes to the Financial Statements

Accounting Policies and Operational status

Operating Segment Information

Notes

STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND SHAREHOLDERS ON THE UNAUDITED 9 MONTHS IFRS RESULTS AS AT SEPTEMBER 30, 2013

The Board of Directors hereby announces the unaudited nine months result of the group for the third quarter ended 30 September 2013 with the comparative figures for the corresponding period of the previous year in compliance with the directives of the Financial Reporting Council of Nigeria

	Nine Months ended September 30 2013 N'000	Nine Months ended September 30 2012 N'000	Absolute Changes %
Revenue	2,658,802	2,960,735	-10.20
Other Income	200,061	195,402	2.38
Finance Income	13,102	20,623	-36.47
Profit before Taxation	79,295	455,901	-82.61
Profit after Taxation	79,295	455,901	-82.61
Finance Cost	12,139	24,961	-51.37
Revenue Reserves	1,489,099	1,489,249	-0.01
Investment Revaluation Reserve	1,440	1,329	8.39
Share Capital	317,000	317,000	0.00
Share Premium	342,000	342,000	0.00
Shareholders' Funds	2,106,952	2,149,578	-1.98
Market Capitalisation as at September 30 Information per 50kobo ordinary share	2,681,820	1,375,780	94.93
* Earnings per share	0.13	0.72	-82.61
Stock Exchange Quotation (Naira as at 30 September)	4.23	2.17	94.93
Total Issued Shares	634,000	634,000	0.00

*Earnings= Profit after Tax

AIRLINE SERVICES AND LOGISTICS PLC.

RC:304508

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the third quarter ended 30 September, 2013

	Note	9 months ended 30-Sep-13 N'000	9 months ended 30-Sep-12 N'000	12 months audited 31-Dec-12 N'000
Revenue	6	2,658,802	2,960,735	3,831,788
Cost of sales		995,688	1,114,880	1,462,993
Gross profit		1,663,114	1,845,856	2,368,795
Administrative expenses		1,784,843	1,581,020	2,170,403
Other operating income	8	173,861	159,250	257,711
Operating profit		52,133	424,086	456,103
Finance income	7	13,102	20,623	31,417
Other gains and losses	8	26,199	36,152	35,736
Finance costs		(12,139)	-24,961	(30,456)
Profit before Income tax	9	79,295	455,901	492,800
Income Tax Expense	10			(390)
Profit for the period		79,295	455,901	492,410
Other Comprehensive income		73	153	191
Total Comprehensive income		79,369	456,054	492,601
Profit for the period attributable to:				
Owners of the Company		121,883		
Non-controlling interests		(42,588)		
		79,295	-	-
Total Comprehensive income for the period attributable to:				
Owners of the Company		121,957		
Non-controlling interests		(42,588)		
		79,369	-	-
Earnings per share				
Basic and diluted	11	0.19	0.72	0.78

Airline Services and Logistics Plc

Condensed Consolidated Statement of Cash flows For the third quarter ended 30 September, 2013

	Note	30-Sep-13 N'000	30-Sep-12 N'000
Cash flows from operating activities			
Cash receipts from customers		3,000,198	3,085,470
Cash payments to suppliers, employees and govt taxes		-2,776,426	(2,351,706)
Net cash generated from operating activities	14	223,772	733,763
Cash flows Investing activities			
Purchase of Property, plant and equipment	12	-322,873	(46,029)
Proceeds from sale of Property, plant and equipment		1,630	
Interest received		13,102	20,623
Net cash used in investing activities		-308,141	(25,405)
Cash flows from Financing Activities			
Interest paid		-12,139	(24,961)
Dividend paid		-158,500	(126,800)
Loan received		530,400	
Loans repaid		-65,000	(126,189)
Net cash used in financing activities		294,761	(277,950)
Net increase/(decrease) in cash and cash equivalents		210,392	430,408
Cash and cash equivalents at the beginning of the		624,632	300,026
Cash and cash equivalents at the end of the period		835,024	730,434

Airline Services and Logistics Plc

Condensed Consolidated Statement of Financial Position As at 30th September 2013

	Note	30-Sep-13 N'000	31-Dec-12 N'000
Assets			
Non-current assets			
Intangible assets		32,078	33,320
Property, plant and equipment	12a	1,172,398	1,021,310
Financial asset		2,856	2,783
Other asset		13,507	8,510
		1,220,840	1,065,923
Current assets			
Inventories		207,997	186,050
Trade and other receivables		708,315	863,777
Other asset		235,712	249,332
Cash and bank balance		835,024	624,632
		1,987,047	1,923,791
Total assets		3,207,887	2,989,714
Equity and Liabilities			
Equity attributable to owners			
Share capital		317,000	317,000
Share premium account		342,000	342,000
Retained Earnings		1,489,099	1,525,716
Investment Revaluation Reserve		1,440	1,367
Non - Controlling Interests		(42,588)	
Total equity		2,106,951	2,186,083
Liabilities			
Non-current Liabilities			
Borrowings		530,400	
Deferred tax liabilities		8	8
		530,408	8
Current Liabilities			
Liability for retirement benefit		14,881	72,362
Trade and other payables		555,626	665,499
Current tax liabilities		21	389
Borrowings			65,373
		570,528	803,623
Total liabilities		1,100,936	803,631
Total equity and liabilities		3,207,887	2,989,714

The financial statements were approved by the board of directors and authorised for issue on December 12, 2013 and signed
on its behalf by:

.....
Company Secretary

Airline Services and Logistics Plc

Condensed Consolidated Statement Of Changes In Equity
for the period ended 30th September, 2013

	Equity attributable to equity holders of the Group					Total
	Share Capital	Share Premium Account	Retained Earnings	Investment Revaluation Reserve	Non - Controlling Interests	
	N'000	N'000	N'000	N'000	N'000	N'000
Period ended 30 September 2013						
Balance at 1 January 2013	317,000	342,000	1,525,716	1,367		2,186,083
Profit for the period			121,883		(42,588)	79,295
Other comprehensive income (net of tax)				73		73
Total comprehensive income for the period	317,000	342,000	1,647,599	1,440	(42,588)	2,265,452
Dividends Declared			(158,500)			(158,500)
Balance as at 30 September 2013	317,000	342,000	1,489,099	1,440	(42,588)	2,106,952
Period ended 30 September 2012						
Balance at 1 January 2012	317,000	342,000	1,160,148	1,176		1,820,324
Profit for the period			455,901			455,901
Other comprehensive income (net of tax)				153		153
Total comprehensive income for the period	317,000	342,000	1,616,049	1,329		2,276,378
Dividends Declared			(126,800)			-126,800
Balance as at 30 September 2012	317,000	342,000	1,489,249	1,329		2,149,578

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

2.1 General information

Airline Services and Logistics plc was incorporated as a private limited liability Company on December 6, 1996. It became a public limited Liability company on February 26, 2007 and its shares were listed on the floors of the Nigerian Stock Exchange on July 25, 2007. The address of the registered office is 1, Service Street, Murtala Muhammed International Airport, Ikeja Lagos, Nigeria. The principal activities of the Company are the provision of catering and related services to international airlines within the Nigerian aviation industry. The company operates international standard in-flight catering facilities and VIP lounges at the Murtala Muhammed International Airport, Lagos (MMIA) and the Nnamdi Azikwe International Airport, Abuja. The Company in partnership with RwandaAir has obtained a licence to provide in-flight catering and ancillary services at the Kigali International Airport, Rwanda. In addition, the Company is also currently prospecting for catering services in the Oil and Gas sector of the Nigeria's economy. The Company's fully owned subsidiary ; Recon duty free Limited operates duty free outlets at the MMIA.

2.2 Composition of financial statement

The Condensed Consolidated Financial statements are drawn up in naira, the functional currency of Airline Services and Logistics Plc. In accordance with IFRS accounting presentation, the Condensed Consolidated Financial Statements comprise:

- Condensed Consolidated Statement of profit or loss and other comprehensive income
- Condensed Consolidated Statement of Financial Position
- Condensed Consolidated Statement of Changes in Equity
- Condensed Consolidated Statement of Cashflows
- Notes to the Condensed Consolidated Financial Statements.

2.3 Basis of Accounting

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations issued by either the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC"). The Group Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of certain classes of assets. The Group Financial Statements have been prepared on a going concern basis.

2.4 Basis of Consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.5 Financial period

These Consolidated Financial Statements cover the financial period from 1st January to 30th September 2013 and where appropriate, from 1st January to 31st December 2012.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

3.1 Adoption of new and revised Standards

The following amendments were made as part of *Improvements to IFRSs* .

IFRS 1: FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standard now includes additional exemption for entities ceasing to suffer from severe hyperinflation and the replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'. Effective for annual periods beginning on or after 1 July 2011.

IFRS 7: FINANCIAL INSTRUMENT: DISCLOSURES

The standard now contains amendments enhancing disclosures about transfers of financial assets, it was issued in October 2010 and will be effective for annual periods beginning on or after 1 July 2011

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 is applicable to annual reporting periods beginning on or after 1 January 2013

Retrospective application is generally required in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, an entity is not required to make adjustments to its accounting for its involvement with entities that were previously consolidated and continue to be consolidated, or entities that were previously unconsolidated and continue not to be consolidated.

IAS 1: PRESENTATION OF FINANCIAL STATEMENTS

An amendment was issued to revise the way other comprehensive income is presented in June 2011, this will take effect for annual periods beginning on or after July 2012.

IAS 12: INCOME TAXES

Limited scope amendment was made (that is recovery of underlying assets). It was amended in December 2010 and will be effective for periods beginning from January 2012

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 introduces new requirements for classifying and measuring financial assets.

At the IASB's July 2011 meeting, the IASB decided to postpone the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2013 with early application still permitted

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is applicable to annual reporting periods beginning on or after 1 January 2013. Early application is permitted.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

3.2 Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 introduces new requirements for classifying and measuring financial assets.

At the IASB's July 2011 meeting, the IASB decided to postpone the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2013 with early application still permitted

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is applicable to annual reporting periods beginning on or after 1 January 2013. Early application is permitted.

IFRS 11 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. IFRS 11 is applicable to annual reporting periods beginning on or after 1 January 2013

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), IFRS 13 is applicable to annual reporting periods beginning on or after 1 January 2013. An entity may apply IFRS 13 to an earlier accounting period, but if doing so it must disclose the fact.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

4 Summary of significant accounting policies

4.1 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

4.2 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current

Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Summary of significant accounting policies (continued)

4.3 Noncurrent asset held for sale

Non-current assets (disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Non-current assets held for sale and discontinued operations are carried at the lower of carrying amount or fair value less costs to sell. Depreciation is not charged on assets that have been classified as held for sale. A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations.

4.4 Revenue recognition

All revenues derived from the selling of products or rendering of services are recognised as revenue. Other operational revenues are recognized as other operating income. Sales are recognized in the statement of profit or loss and other income when the significant risks and rewards of ownership of the goods have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred can be measured reliably, and it is sufficiently probable that the economic benefits associated with the transaction will flow to the company.

Sales are stated net of discounts allowed and sales reductions at fair value. Sales deductions are estimated amounts for rebates, cash discounts and product returns. They are deducted at the time the sales are recognized, and appropriate provisions are recorded. Sales deductions are estimated primarily on the basis of historical experience, specific contractual terms and future expectations of sales development. It is unlikely that factors other than these could materially affect sales deductions in the Group.

4.5 Deferred income

Deferred income represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still has to be earned as revenues by means of the delivery of goods and services in the future. Deferred income is recognized at its nominal value.

4.6 Inventories

In accordance with IAS 2 (Inventories), inventories encompass assets held for sale in the ordinary course of business (finished goods and goods purchased for resale), in the process of production for such sale (work in process) or in the form of materials or supplies to be consumed in the production process or in the rendering of services (raw materials and supplies). Inventories are stated at the lower of cost and net realizable value of first in first out (FIFO) basis after making specific provisions for obsolete and damaged stocks. The net realizable value is the achievable sale proceeds under normal business conditions less estimated cost to complete and selling expenses.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Summary of significant accounting policies (continued)

4.7 Provisions for pensions and other post-employment benefits

The company operates a defined contributory staff pension scheme for members of staff which is managed by Pension fund administrators. The scheme, which is funded by contributions from employees (7.5%) and the Group (7.5%) of basic salary, housing and transport allowances, is consistent with the provisions of the Pension Reform Act, 2004.

The company has a new exit scheme which came into force in August 2009 when the old gratuity scheme was discontinued. Under the new scheme, the Company contributes 6% of the gross salary of all the staff on monthly basis. The exit scheme amount is funded through a dedicated bank account in which a representative of the employees is a signatory.

4.8 Taxation

The Company conducts its business in the Export processing zone and in line with section 8 of the NEPZA Act No 63 of 1992 as amended, the company is exempt from all Federal, State and Local Government taxes, levies and rates. Similarly section 18 (a) and (e) exempt the Company from taxes and allows the Company to sell up to 25 percent of its production in the local market and subject to the issuance of the relevant permit. The company would be liable to tax on income generated outside the zone if the scope of business outside the zone is expanded beyond the 25 percent of its production. The company for now is not operating outside the Zone and therefore no income tax is applicable thereof.

The subsidiary that is included in the consolidated financial statement is subject to taxation. Below is the accounting policy applied:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

4.9 Property, plant and Equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to reduce the cost of each asset to its residual value over its useful life as follows:

	Range of Years
Freehold buildings	20
Leasehold buildings	Over the lease period
Office equipment and furniture and fittings	4 - 10 years
Computer & Accessories	4 years
Household furniture and fittings	4 - 10 years
Motor vehicles	2 - 5 years
Plant and Equipment	3 - 7 years
Lounge & Cockpit Bar Improvement	5 years
Software Licences	3 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

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

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Group statement of profit or loss and other comprehensive income.

4.1 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief

4.11 Interest-bearing debt

Financial liabilities, such as bond loans and other loans from credit institutions are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Summary of significant accounting policies (continued)

4.12 Trade receivables

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any allowance available and then to the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of profit or loss and other comprehensive income. Long-term receivables are discounted where the effect is material.

4.13 Trade payables

Trade and other payables are stated at cost.

4.14 Financial Instruments

The Group's other financial instruments include:

- Cash and cash equivalents
- Fixed Deposits
- Borrowings

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortised cost.

Fixed deposits

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently remeasured to amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in profit.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to profit or loss over the period of the relevant borrowing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.15 Foreign currency transactions and translation

Functional and presentation currency- Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in naira, which is the Group's functional and presentation currency.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Summary of significant accounting policies (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined.

4.16 Provisions

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

4.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4.18 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Summary of significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.19 Dividend distribution

Dividend distributions to the Company's shareholders are recognised in the Group's financial Statements in the period in which the dividend is declared and paid or approved by the Company's shareholders.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is 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.

5.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Useful life of property, plant and equipment

The Group reviewed the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011. The estimates were based on professional judgement expressed by the external valuers appointed to revalue certain assets. Some of the factors considered includes the current service potential of the assets, potential cost of repairs and maintenance and brand quality for over the years.

Allowance for credit losses

The Group periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgement is exercised in determining the allowances made for credit losses.

5.2 Key sources of estimation uncertainty

Valuation of financial liabilities

Financial liabilities have been measured at amortised cost in line with the guidance provisions of IAS 39. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cashflows on the loans. IAS 39 requires the use of the expected cashflows but also allows for the use of contractual cashflows in instances where the expected cashflows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cashflows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements

For the period ended 30 September 2013

6 Revenue

The Group earns a major part of its revenue from providing catering services to both international and domestic airline operators in Nigeria.

6.1 Segment information

6.1.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on a number of factors including geographical location and types of goods or services delivered or provided. The Group's reportable segments under IFRS 8 are therefore as follows:

Lagos Inflight Catering- The segment operations include inflight catering, laundry and handling services.

Abuja Inflight Catering-The segment operations include inflight catering, lounges and restaurant services provided in the abuja office.

Airport Operations, Lagos- The segment provides restaurant , lounge, trolley service and duty free shop.

Kigali Inflight Catering- The segment operations include inflight catering, handling and related services .

Port-Harcourt Oil and Gas Catering- The segment operations includes oil and gas catering and related services .

6.1.2 Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment for the period ended 30 September 2013:

	Segment revenue N'000	Cost of sales N'000	Segment Profit N'000
Lagos Inflight Catering	1,859,432	(647,709)	1,211,724
Abuja Inflight Catering	370,191	(164,669)	205,522
Airport Operations Lagos	429,179	(183,310)	245,869
Kigali Inflight Catering			
Port-Harcourt Oil and Gas Catering			
	2,658,802	(995,688)	1,663,114
Central administration costs			(1,784,843)
Other Operating Income			173,861
Operating profit			52,133
Finance income			13,102
Other gains and losses			26,199
Finance costs			(12,139)
Profit before tax			79,295
Tax			
Profit for the period			79,295

The following is an analysis of the Group's revenue and results by reportable segment for the period ended 30 September 2012:

	Segment revenue N'000	Cost of sales N'000	Segment Profit N'000
Lagos Inflight Catering	2,206,129	(796,216)	1,409,913
Abuja Inflight Catering	354,941	(157,337)	197,605
Airport Operations Lagos	399,665	(161,327)	238,338
	2,960,735	(1,114,880)	1,845,856
Central administration costs			(1,581,020)
Other Operating Income			159,250
Operating profit			424,086
Finance income			20,623
Other gains and losses			36,152
Finance costs			(24,961)
Profit before tax			455,901
Tax			
Profit for the period			455,901

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

Segment information (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, investment revenue, other gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

- 6.1.3 **Segment assets and liabilities-** The CEO does not make use of information on segment assets and segment liabilities for the purpose of resource allocation and assessment of segment performance

6.2 Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	30-Sep-13 N'000	30-Sep-12 N'000
Revenue from:		
Inflight Catering	1,723,809	1,950,035
Lounges	151,096	105,685
Duty Free shop	98,288	98,310
Beverages	67,299	113,232
Handling	264,474	298,391
Laundry	79,569	65,259
Others	274,268	329,822
Total revenue	2,658,802	2,960,735

6.3 Geographical information

Currently the Group's operations are domiciled in Nigeria (Company's place of incorporation) and Kigali,

6.4 Information about major customers

Included in revenues arising from Lagos operations are revenues of approximately N198.6million (2012: N267.8million) which arose from sales to the Group's largest customer.

	30-Sep-13 N'000	30-Sep-12 N'000
7 Finance Income		
Interest income on fixed deposit and commercial papers with banks	13,102	20,623
8 Other Income		
Sale of scraps	3,265	3,178
Branding income	38,604	37,030
Doubtful debt recovered	50,030	119,042
Profit on disposal of property, plant and equipment		
Other loss or gains	26,199	36,152
Levies	81,962	
Total operating income	200,061	195,402

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

	30-Sep-13 N'000	30-Sep-12 N'000
9 Revenue reserve		
Balance at 1 January	1,525,716	1,160,148
Net profit for the period	121,883	455,901
Dividend declared and paid	(158,500)	(126,800)
Balance at 30 September	1,489,099	1,489,249

In the year under review, a dividend of 20 kobo per ordinary share totaling N158.5m (2012: 126.8m in respect 2011 financial year) was declared and paid to the shareholders in respect of 2012 financial year.

10 Taxation

The parent company is tax exempt while the subsidiary has used the minimum tax due to the unrelieved losses brought forward.

11 Earnings per share

Basic Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows

	9 months ended 30-Sep-13 N'000	9 months ended 30-Sep-12 N'000
Earnings		
Profit attributable to owners of the company	121,883	455,901
Earnings used in the calculation of basic earnings per share	121,883	455,901
Shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	634,000	634,000

Basic EPS 0.19 0.72
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows

Diluted Earnings per share

	9 months ended 30-Sep-13 N'000	9 months ended 30-Sep-12 N'000
Earnings		
Profit attributable to owners of the company	121,883	455,901
Earnings used in the calculation of diluted earnings per share	121,883	455,901
Shares	Number	Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	634,000	634,000

Weighted average number of ordinary shares used in the calculation of diluted earnings per share

Diluted EPS 0.19 0.72

There are no share options, potential rights issues, hence diluted earnings per share are the same

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements
For the period ended 30 September 2013

12a SCHEDULES OF PROPERTY, PLANT & EQUIPMENT

	Building	Lounge Improvement	Cockpit Bar Improvement	Furniture & Equipment	Motor Vehicles	Food Processing Equipment	Asset in Construction	TOTAL
Cost / Deemed Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At the beginning of the Year	303,500	209,402	28,109	143,917	145,785	523,246	7,640	1,361,599
Additions				5,949	13,145	129,056	174,723	322,873
Disposals				(118)	(8,100)	(2,340)		(10,558)
At September 30, 2013	303,500	209,402	28,109	149,748	150,830	649,962	182,363	1,673,914
Accumulated Depreciation/Impairment								
At the beginning of the Year	60,700	44,795	8,739	30,956	36,277	154,184	4,640	340,291
Charged for the Period	22,762	31,521	4,216	13,297	24,422	69,987		166,205
Eliminated on disposals				(35)	(4,129)	(816)		(4,980)
At September 30, 2013	83,462	76,316	12,955	44,218	56,570	223,355	4,640	496,876
NET BOOK VALUE								
At January 1, 2013	242,800	164,607	19,370	112,961	109,508	369,062	3,000	1,021,308
At September 30, 2013	220,038	133,086	15,154	105,530	94,260	426,607	177,723	1,172,398

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements
For the period ended 30 September 2013

12b SCHEDULES OF PROPERTY, PLANT & EQUIPMENT

	Building	Lounge Improvement	Cockpit Bar Improvement	Furniture & Equipment	Motor Vehicles	Food Processing Equipment	Asset in Construction	TOTAL
Cost / Deemed Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At the beginning of the Year	303,500	205,239	28,109	120,214	73,009	494,003	5,258	1,229,332
Additions		4,163		23,902	72,776	29,467	2,382	132,690
Disposals				(157)		(224)		(381)
Write Off				(42)				
At December 31, 2012	303,500	209,402	28,109	143,917	145,785	523,246	7,640	1,361,599
Accumulated Depreciation/Impairment								
At the beginning of the Year	30,350	3,421	3,117	15,382	17,345	74,596		144,211
Charged for the Period	30,350	41,374	5,622	15,600	18,932	79,636		191,514
Eliminated on disposals				(28)		(48)		(76)
Impairment							4,640	4,640
At December 31, 2012	60,700	44,795	8,739	30,954	36,277	154,184	4,640	340,289
NET BOOK VALUE								
At January 1, 2012	273,150	201,818	24,992	104,832	55,664	419,407	5,258	1,085,121
At December 31, 2012	242,800	164,607	19,370	112,963	109,508	369,062	3,000	1,021,310

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

12a Property, plant and equipment

During the period, the Group spent approximately N323m on catering trucks, food and operating equipment, office equipment and motor vehicles, assets in construction (2012: N46m on operating and office equipment, warehouse fixtures and refrigerating systems).

The company during the period disposed of some its scrapped and fully used motor vehicles (2012 : the Company disposed of some of its scrapped operating equipment and furnitures and fittings)

	2013 N'000	2012 N'000
Profit on disposal of property,plant and equipment		
Cost of PPE	10,558	263
Accumulated depreciation	(4,980)	(53)
Net book value	5,578	210
Sales proceeds	3,430	
Profit on disposal of property,plant and equipment	<u>(2,148)</u>	<u>(210)</u>

13 Borrowings

The Company obtained a medium-term bank loan in the amount of N226.5m in 2011. The loan bears interest at variable market rates and is repayable within 2 years including a 6 month moratorium. The proceeds were used to finance upgrade of facilities of the Company's non-smoking lounge situated at the Murtala Muhammed International Airport, Lagos. Repayments of the bank loan amounting to N65m (2012: N126m).

14 Issued Capital

Issued capital as at 30 September 2013 amounted to N317,000,000 (2012:N317,000,000)

15 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	30-Sep-13 N'000	30-Sep-12 N'000
Profit after tax	79,295	455,901
Adjustments to reconcile net income to net cash provided		
Depreciation of fixed assets	166,205	136,386
Loss/(profit) on disposal of fixed assets	2,148	210
Adjustment of fixed assets		
Interest received	(13,102)	(20,623)
Interest paid	12,139	24,961
Prior year adjustment		
Consolidation adjustment		
Consolidation adjustment		
Changes in assets and liabilities:		
(Increase)/Decrease in inventories	(21,947)	72,472
Decrease/(Increase) in trade and other receivables	164,086	(58,762)
(Increase)/Decrease in intangibles	1,242	32,013
(Increase)/Decrease in short term investments	-	-
Increase/(Decrease) in trade & other payables	(108,445)	74,594
(Decrease)/Increase in gratuity provision/liability for retirement benefits	(57,481)	17,419
Increase/(Decrease) in tax payable	(368)	(809)
Increase/(Decrease) in deferred tax		-
Total adjustments	144,476	277,859
Net cash provided by operating activities	223,771	733,760

16 RECONCILIATION OF CASH AND CASH EQUIVALENTS

Bank balances and cash	164,809	427,804
Bank overdraft	670,215	302,630
	<u>835,024</u>	<u>730,434</u>

Airline Services and Logistics Plc

Notes to the Condensed Consolidated Financial Statements For the period ended 30 September 2013

		30-Sep-13 N'000	30-Sep-12 N'000
17 Related party disclosures			
	The group has a related party relationship with its major shareholders and directors during the year.		
	One of its major shareholder, Richard Tokunbo Akerele owns % shares in ASL PLC, 100% shares in Royal African Trust Limited, and also a director on the board of Checkport Security Nigeria Limited.		
	Assets and Resource Management Limited owns % in ASL PLC and also a major shareholder in Briscoe Properties limited. Two of its directors (Jumoke Ogundare and Sadiq Mohammed) are also on the board of ASL PLC.		
	Otunba S.K. Onafowokan is the chairman of Chellarams Plc and Chairman Eskay 1st Contact Tax Consult. He is the board of ASL PLC.		
	Alfred Rigler is a director of LSG Sky Chefs and he is also on the board of ASL PLC.		
	The balances below represent amount due to related parties. The company carried out transactions with the above named companies that fall within the definition of related party. The Company's management considers such transactions to be in the normal course of business and at terms which correspond to those conducted at an arm's length with third parties.		
1	Rent & Service Charge of expatriate staff residences		
	Royal African Trust Limited	6,405	3,780
	Briscoe Properties Ltd	11,905	14,972
2	Technical Management Fee		
	LSG Lufthansa Services Europa	67,957	85,397
3	Catering Security Services		
	Checkport Security Nigeria Limited	25,880	25,986
4	Tax Consultancy Services		
	Eskay 1st Contact Tax Consult	18,939	12,500
	Amount due to related parties		
1	Royal African Trust Limited		3,278
2	Briscoe Properties Ltd		101,633
3	LSG Lufthansa Services Europa	52,910	2,888
4	Checkport Security Nigeria Limited	2,888	
5	Eskay 1st Contact Tax Consult		