

SUMMARY OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019.

The Directors present the summary financial statements of Nigerian Aviation Handling Company Plc (the "Company") and its subsidiary companies (together, the "Group") for the year ended 31 December, 2019. These summary financial statements are derived from the full financial statements for the year ended 31 December, 2019 and are not the full financial statements of the Company. The full financial statements, from which these summary financial statements were derived, will be delivered to the Corporate Affairs Commission within the required deadline. The Company's Independent Auditors issued an unqualified audit opinion on the full financial statements for the year ended 31 December, 2019 from which these summary financial statements were derived.

Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2019

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | N'000 | N'000 | N'000 | N'000 |
| Revenue | 9,996,145 | 9,775,515 | 9,570,197 | 9,109,644 |
| Operating costs | (6,563,870) | (6,656,013) | (6,566,886) | (6,418,021) |
| Gross profit | 3,432,275 | 3,119,502 | 3,003,311 | 2,691,623 |
| Other income | 245,032 | 263,257 | 237,866 | 222,496 |
| Administrative expenses | (2,533,234) | (2,880,401) | (2,357,386) | (2,689,555) |
| Expected credit reversal/(losses) | 323,673 | (50,024) | 288,334 | (41,516) |
| Profit from operations | 1,467,746 | 452,334 | 1,172,125 | 183,048 |
| Finance costs | (300,319) | (169,776) | (299,889) | (169,776) |
| Finance income | 173,076 | 220,679 | 167,878 | 286,482 |
| Profit before tax | 1,340,503 | 503,237 | 1,040,114 | 299,754 |
| Income tax expense | (623,304) | (306,443) | (603,746) | (290,048) |
| Profit for the year | 717,199 | 196,794 | 436,368 | 9,706 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year, net of tax | 717,199 | 196,794 | 436,368 | 9,706 |
| Attributable to: | | | | |
| Profit attributable to equity holders of the parent | 710,313 | 199,625 | 436,368 | 9,706 |
| Non-controlling interest | 6,886 | (2,831) | - | - |
| Earnings per share: | | | | |
| Basic/diluted earnings per share (Kobo) | 44 | 12 | 27 | 1 |

Consolidated and Separate Statement of Financial Position as at 31st December, 2019

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| | N'000 | N'000 | N'000 | N'000 |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 6,704,714 | 6,156,696 | 6,514,282 | 5,058,515 |
| Right of use asset | 831,810 | - | 826,966 | - |
| Intangible assets | 148,225 | 166,313 | 54,603 | 72,691 |
| Investment property | 136,914 | 131,867 | 136,914 | 131,867 |
| Investment in subsidiaries | - | - | 39,500 | 39,500 |
| Deposit for shares | - | - | - | 1,554,538 |
| Total non-current assets | 7,821,663 | 6,454,876 | 7,572,265 | 6,857,111 |
| Current assets | | | | |
| Inventories | 284,791 | 256,187 | 284,791 | 256,187 |
| Trade and other receivables | 2,534,640 | 2,017,717 | 2,351,221 | 1,933,697 |
| Intercompany receivables | - | - | 582,758 | 454,370 |
| Other current assets | 7,866 | 40,850 | 7,866 | 40,850 |
| Prepayments | 2,310,151 | 754,929 | 2,097,614 | 557,771 |
| Debt instruments at amortized costs | 187,168 | 122,390 | 187,168 | 122,390 |
| Cash and cash equivalents | 1,563,222 | 2,698,921 | 1,475,619 | 2,596,708 |
| Total current assets | 6,887,838 | 5,890,994 | 6,987,037 | 5,961,973 |
| Total assets | 14,709,501 | 12,345,870 | 14,559,302 | 12,819,084 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Share capital | 812,109 | 812,109 | 812,109 | 812,109 |
| Share premium | 1,914,758 | 1,914,758 | 1,914,758 | 1,914,758 |
| Retained earnings | 4,032,142 | 3,727,884 | 4,067,992 | 4,037,679 |
| Total equity attributable to equity holders of the Company | 6,759,009 | 6,454,751 | 6,794,859 | 6,764,546 |
| Non-controlling interests | (124,025) | (130,911) | - | - |
| Total equity | 6,634,984 | 6,323,840 | 6,794,859 | 6,764,546 |
| Non-current liabilities | | | | |
| Loans and borrowings | - | 439,588 | - | 439,588 |
| Lease liabilities | 916,514 | - | 915,538 | - |
| Deferred tax liabilities | 1,075,790 | 715,661 | 1,073,428 | 713,673 |
| Total non-current liabilities | 1,992,304 | 1,155,249 | 1,988,966 | 1,153,261 |
| Current liabilities | | | | |
| Current tax liabilities | 508,921 | 355,301 | 486,933 | 340,617 |
| Trade and other payables | 4,901,277 | 4,032,091 | 4,662,333 | 3,843,421 |
| Intercompany Payable | - | - | - | 316,999 |
| Lease liabilities | 161,780 | - | 160,076 | - |
| Deferred Income | 70,157 | 103,544 | 26,057 | 24,394 |
| Loans and borrowings | 440,078 | 375,845 | 440,078 | 375,845 |
| Total current liabilities | 6,082,213 | 4,866,781 | 5,775,477 | 4,901,277 |
| Total liabilities | 8,074,517 | 6,022,030 | 7,764,443 | 6,054,538 |
| Total equity and liabilities | 14,709,501 | 12,345,870 | 14,559,302 | 12,819,084 |

Dr. Seinde Oladapo Fadeni
Chairman
FRC/2019/NIM/00000019430

Mrs. Olatokumbo Adenike Fagbemi
Group Managing Director/CEO
FRC/2019/IODN/00000019114

Mr. Adeoye Enloju
Chief Financial Officer
FRC/2016/CAN/00000019815

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIGERIAN AVIATION HANDLING COMPANY PLC. REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Nigerian Aviation Handling Company Plc ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Nigerian Aviation Handling Company Plc and its subsidiaries as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA) and other independence requirements applicable to performing audits of Nigerian Aviation Handling Company Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Nigerian Aviation Handling Company Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|--|
| <p>Determination of provision for impairment of trade receivables</p> <p>At 31 December 2019, the Group recorded trade receivables in its books amounting to ₦2.29 Billion. An impairment provision of ₦793 million was made on the trade receivables balance. The impairment allowance represents 35% of the trade receivables.</p> <p>The aviation industry, continues to be impacted by uncertainty over the collectability of contract receivables from specific customers.</p> <p>The determination as to whether a trade receivable is collectable involves Management's judgment. The trade receivables were tested for impairment using the Expected Credit Loss (ECL) model due to implementation of IFRS 9 in the year under review. The simplified approach was applied using a provisioning matrix method which are derived through judgment and results may be very significant for the Group. As such, the receivables are not assessed for significant increase in credit risk. The ECL model also requires judgment, in the estimation of the amount and timing of future cash flows.</p> <p>We focused on this area because it requires a high level of management judgment and due to the materiality of the amounts involved.</p> | <p>We obtained and reviewed the Group's trade receivables and tested the balances for impairment in line with IFRS 9.</p> <p>We performed the following procedures:</p> <ul style="list-style-type: none"> - analyzed the segmentation of the portfolio provided by management and ensured they applied the shared risk characteristics. - recomputed the payment profile of customers for sales made during the year and reviewed the bad debts in the period written off (deemed losses). - We challenged the loss rates to ensure that the calculation reflects the probability weighted outcome. - We also tested the historical accuracy of the model by assessing the historical projections versus actual losses. - Challenged the scalar adjustment multiplier to determine if they were appropriate. - Involved our internal specialists to perform a second level review on the impairment provisions. |

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and Statement of Directors' Responsibilities as required by the Companies and Allied Matters Acts (CAMA) and the Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the Consolidated and Separate financial statements and our Auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No.6, 2011, and for such internal controls as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the Group, in so far as it appears from our examination of those books; and
- the Group's consolidated and separate statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.



Funmi Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For: Ernst & Young
Lagos, Nigeria

29 May 2020

