



NEWREST ASL NIGERIA PLC
(FORMERLY AIRLINE SERVICES & LOGISTICS PLC)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Table of Contents

Corporate information.....	i
Financial highlights.....	ii
Directors' report.....	iii
Statement of Directors' responsibilities.....	x
Independent Auditors' report	1
Consolidated and separate statement of profit or loss and other comprehensive income....	4
Consolidated and separate statement of financial position.....	5
Consolidated and separate statement of changes in equity.....	6
Consolidated and separate statement of cash flow	7
Notes to the consolidated and separate financial statements	8
Consolidated and separate statement of value added	64
Five year financial summary	65

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Managing Director/Chief Executive Officer
Non Executive Directors

Mr. Richard T. Akerele (Nigerian)
Mr. Laurent Moussard (French)
Mr. Jonathan Stent-Torriani (Swiss)
Mr. Olivier Sadran (French)
Mr. Matthieu Jeandel (French)
Mr. Marc Starke (French)
Mr. Labi Ogunbiyi (Nigerian)

Independent Director

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

Deloitte & Touche
Chartered Accountants
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Bankers

Access Bank Plc
Access Bank UK Limited
Ecobank Nigeria Limited
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

FINANCIAL HIGHLIGHTS

	2017	The Group 2016	Absolute Changes %	2017	The Company 2016	Absolute Changes %
	N'000	N'000		N'000	N'000	
Revenue	3,920,293	5,072,346	(23)	3,693,037	3,686,650	-
Profit before tax	392,015	1,152,140	(66)	317,997	1,078,639	(71)
Profit after tax	386,676	1,150,536	(66)	317,997	1,078,639	(71)
Profit for the year from discontinued operations	207,451	-	-	-	-	-
(Loss)/gain on disposal of interest in subsidiary	(164,037)	-	-	43,178	-	-
Profit for the year	428,361	1,150,536	(63)	361,175	1,078,639	(67)
Other Comprehensive income	(12,416)	13,777	(190)	49	131	(63)
Total Comprehensive income	415,945	1,164,313	(64)	361,224	1,078,770	(67)
Revenue Reserves	2,860,068	2,543,925	12	2,942,052	2,693,095	9
Investment Revaluation Reserve	1,681	1,632	3	1,679	1,632	3
Foreign Currency Translation Reserve	-	12,465	(100)	-	-	-
Share Capital	317,000	317,000	-	317,000	317,000	-
Share Premium	342,000	342,000	-	342,000	342,000	-
Equity attributable to owners of the Company	3,520,749	3,217,022	9	3,630,733	3,353,727	7
Non-controlling Interest	-	28,220	(100)	-	-	-
Market Capitalisation as at 31 December	3,772,300	1,585,000	138	3,772,300	1,585,000	138
Total Issued Shares	<u>634,000</u>	<u>634,000</u>	-	<u>634,000</u>	<u>634,000</u>	-
* Earnings per share (kobo)	68	179	(62)	57	170	(67)
Nigerian Stock Exchange Share Price (Naira as at 31 December)	5.95	2.50	138	5.95	2.50	138

***Earnings= Profit after Tax**

DIRECTORS' REPORT

The Directors are pleased to present in this report a fair review of the affairs of Newrest ASL Nigeria Plc ('the Company') and its subsidiaries ('the Group') together with the Audited consolidated and separate financial statements and the external auditor's report for the year ended December 31, 2017.

1. Legal Status and Principal Activity

The Company 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 floor of the Nigerian Stock Exchange on July 25, 2007. The shares of the Company have continued to be traded on the floor of the Exchange

The principal activities of the Company continue to be the provision of catering and related services to international airlines operating 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 Azikiwe International Airport, Abuja.

The Company has three subsidiaries, namely, Reacon Duty Free Limited, Newrest ASL Oil & Gas Logistics Limited and Newrest ASL Catering Limited. Whilst Newrest ASL Oil & Gas Logistics Ltd provides catering and logistics services to companies in the oil & gas sector of the economy, Newrest ASL Catering Limited provides similar services to domestic charter flights and other businesses operating outside the aviation industry. Reacon Duty Free Limited operates a Duty-Free outlet at the MMIA.

The financial result of the subsidiaries has been consolidated in these financial statements.

2. Business Review and Future Development

The Chairman's statement and the Chief Executive Officer's statement, included in the annual report and incorporated into this report by reference, provides a comprehensive review of the business for the year and the prospects for the ensuing year.

In the course of the financial year under review, the Company successfully sold its shares and divested its entire interest in ASL Rwanda Limited to RwandAir Limited.

3. Operating Results

The Company and Group's detailed results for the year ended 31 December 2017 are as summarized below:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Revenue	3,920,293	5,072,346	3,693,037	3,686,650
Gross profit	2,614,315	3,586,828	2,474,725	2,596,064
Profit before tax	392,015	1,152,140	317,997	1,078,639
Tax	(5,339)	(1,604)	-	-
Profit for the year from continuing operations	386,676	1,150,536	317,997	1,078,639
Profit for the year from discontinued operation	207,451	-	-	-
(Loss)/gain on disposal of interest in subsidiary	(165,766)	-	43,178	-
Profit for the year	428,361	1,150,536	361,175	1,078,639

DIRECTORS' REPORT (Cont'd)

4. Dividend

In respect of the current year, your Directors are pleased to recommend the dividend of 18 Kobo per ordinary share of 50 Kobo each for the financial year ending December 31, 2017. The payment of the dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting and if approved will be paid on June 27, 2018. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names were on the register of members at the close of business on June 11, 2018.

5. Share Capital History

Details of the authorized and issued share capital are set out in Note 24 of the consolidated and separate financial statements. No shares were issued during the year under review.

6. Board of Directors

The Directors who held office during the year and to the date of the report are set out below:

S/ N	NAME	NATIONALITY	DESIGNATION
1.	Mr. Richard Akerele	Nigerian	Chairman
2.	Mr. Jonathan Stent-Torriani	Swiss	Non-Executive Director
3.	Mr. Olivier Sadran	French	Non-Executive Director
4.	Mr. Matthieu Jeandel	French	Non-Executive Director
5.	Mr. Marc Starke	French	Non-Executive Director
6.	Mr. Laurent Moussard	French	Chief Executive Officer
7.	Mr. Constantine Labi Ogunbiyi	Nigerian	Independent Non-Executive Director

7. Board Changes

There was no change in the composition of the Board during the financial year under review.

8. Directors to retire by rotation

Section 259 of the Companies and Allied Matters Act (CAMA) stipulates that one-third of the Directors of a Company shall retire from office by rotation at every Annual General Meeting (AGM).

In accordance with Section 259 of the Companies and Allied Matters Act, Messrs. Labi Ogunbiyi and Mark Starke both retire by rotation and being eligible, offer themselves for re-election.

DIRECTORS' REPORT (Cont'd)

9. Directors' Interest in Shares

The direct and indirect interests of Directors in the issued share capital of the Company as at December 31, 2017 as recorded in the Register of Directors' Shareholding and/or as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as stated below:

Name of Director	Number of Shares Held as at December 31, 2016		Number of Shares Held as at December 31, 2017		Number of Shares Held as at March 22, 2018	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
*Mr. Richard Akerele	44,500	154,385,477	44,500	154,385,477	44,500	154,385,477
**Messrs. Jonathan Stent-Torriani, Olivier Sadran, , Matthieu Jeandel, Marc Starke and Laurent Moussard	-	321,052,350	-	321,052,350	-	321,052,350
Labi Ogunbiyi	-	-	800,000	-	800,000	-

**The indirect shares held by Mr. Richard Akerele are in respect of Harrowditch Limited, Rical Enterprises Ltd and Royal African Trust Ltd.

***The indirect shares held by Messrs. Jonathan Stent-Torriani, Olivier Sadran, Matthieu Jeandel, Marc Starke and Laurent Moussard are in respect of Rifkind Ltd, Roswello Ltd, and Newrest Schweiz AG.

10. Directors' Interests in Contract

In compliance with Section 277 of the Companies & Allied Matters Act, 2004, the Directors' interest in contracts can be found in Note 34 of the consolidated and separate financial statements. The selection and conduct of these contracts are in conformity with rules of ethics and acceptable standards. The Company ensures that these contracts are conducted at arm's length at all times.

11. Substantial Shareholder's Interests

On the record of the Register of Members as at December 31, 2017, the following shareholders held 5% or more of the issued share capital of the Company:

Shareholder	Number of Shares	Percentage
Newrest Schweiz AG	103,250,000	16.29
Rical Enterprises Ltd	63,315,477	9.98
Rifkind Ltd	108,901,175	17.18
Roswello Limited	108,901,175	17.18
Harrowditch Limited	90,700,000	14.31

DIRECTORS' REPORT (Cont'd)

12. Donations & Charitable Contributions

In order to identify with the aspirations of the community and the environment within which the Company operates, a total sum of N200,000.00 (Two Hundred Thousand Naira) was given out as donations and charitable contributions during the course of the year. Details of the donations and the charitable contributions are as follows:

NAME	AMOUNT (N)
Federal Airports Authority of Nigeria Aviation Security	100,000.00
The Rotary Club of Maryland, Lagos	100,000.00

In compliance with section 38 (2) of the Companies and Allied Matters Act, 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

13. Free Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed free float under the Listing Rules of the Nigerian Stock Exchange throughout the financial year ended December 31, 2017. The share float of the Company for the year ended December 31, 2017 was 24.94%.

14. Contractual Arrangements

The Company's business operations utilize many suppliers and arrangements are in place to ensure that the business is not totally reliant on a single supplier for key materials or components.

15. Policy on Payment of Suppliers

It is the policy of the Company to agree terms of payment prior to commencing business with a supplier and to abide by those terms on the timely submission of satisfactory invoices.

16. Property, Plant & Equipment

Information relating to changes in the group's property, plant and equipment is given in Note 16 to the consolidated and separate financial statements. In the Director's opinion, the market value of the Group's property, plant and equipment is not less than the value shown in the consolidated and separate financial statements.

17. Human Resources

The Company recognizes human capital as one of the most critical factors. The Board has created a favourable work environment that encourages innovation and meritocracy.

(i) Employment of Physically Challenged Persons

The Company continues to maintain a policy of giving fair consideration to the application for employment by physically challenged persons with due regard to their abilities. The Company's policy prohibits discrimination against physically challenged persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Company's working environment.

DIRECTORS' REPORT (Cont'd)

17. Human Resources (Cont'd)

(ii) Health, Safety and Welfare of Employees at Work

The Company accords high priority to the health, safety and welfare of its employees. In furtherance of this, the Company's operations and business premises are designed with a view to guaranteeing the safety and healthy working conditions of its employees and visitors alike. Employees are adequately insured against occupational hazards. In addition, whilst the Company retains top-class hospitals where medical facilities are provided for the employees and their immediate families at its expense, a standard clinic is also available within the Company's premises for the use of the members of staff.

Fire prevention and firefighting equipment are installed in strategic locations within the Company's premises.

The Company operates a Group Life Insurance Policy for the benefit of its employees as well as a contributory pension plan in line with the Pension Reform Act, 2014.

(iii) Employee Training & Development

The Company encourages participation of employees in arriving at decisions on matters affecting their wellbeing. Towards this end, opinions and suggestions of employees are sought and considered not only on matters affecting them as employees but also on the general business of the Company.

Continuous education of our employees is of prime importance to the Company. It believes that this is necessary not only for its sustainability and growth as an organization but also for enabling the professional development of its employee manpower. Consequently, employees of the Company are nominated to attend both locally and internationally organized courses. These are complemented by on-the-job training.

(iv) Staff Strength

The Company had a total strength of 348 (Three hundred and Forty Eight) employees on its payroll as at December 31, 2017 from 343 at the end of the previous year.

DIRECTORS' REPORT (Cont'd)

18. Financial Risk Management

The Company's financial instruments principally comprise bank borrowings. The main risk arising from the Company's financial instruments are interest rate risk, foreign exchange risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below. These policies have remained unchanged throughout the year.

(i) Interest Rate Risk

The Company finances its operations through a mixture of shareholders' funds and borrowings. The Company borrows principally in Naira and US Dollars at floating rates of interest.

(ii) Foreign Exchange Risk:

The Company recognizes that the existence of dollar denominated debts exposes it to foreign exchange risk. However, as it operates in an export processing zone, it also is able to receive a substantial part of its income in foreign exchange which may result in gains and mitigate the foreign exchange risk associated with the dollar denominated debts.

(iii) Liquidity Risk

The Group monitors its risk to shortage of funds by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. It also ensures that short term funds are used strictly for working capital purposes while capital projects are funded from long tenured borrowings. Access to sources of funding is sufficiently available. The Group's financial liabilities are its trade and other payables and bank borrowings

19. Internal Control System

The Company's internal systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all key areas of the business. Significant audit observations and follow up actions thereon are reported to the Statutory Audit Committee. The Statutory Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to the strengthening of the Company's risk Management policies and systems.

20. Events after the Reporting Period

The Directors are of the opinion that there was no significant event after the reporting period which would have had any material effect on the accounts on the date, which have not been adequately provided for or disclosed in the consolidated and separate financial statements.

21. Disclosure of Information to the External Auditors

Each of the Directors at the date of approval of this report confirms that so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware. Each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

NEWREST ASL NIGERIA PLC
(FORMERLY AIRLINE SERVICES & LOGISTICS PLC)
Consolidated and separate financial statements
For the year ended 31 December 2017

DIRECTORS' REPORT (Cont'd)

22. External Auditor

The External Auditor, Akintola Williams Deloitte has signified its willingness to continue in office as the External Auditor of the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act, 2004, an ordinary resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The support of the employees has enabled the Company to remain the leader of the Industry.

The Directors also take this opportunity to thank all investors, clients, vendors, banks, regulatory and governmental authorities for their continued support.

BY ORDER OF THE BOARD



**LPC SOLICITORS
COMPANY SECRETARY
MARCH 22, 2018
FRC/2013/ICSAN/00000001111**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS**

The Directors of Newrest ASL Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2017, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

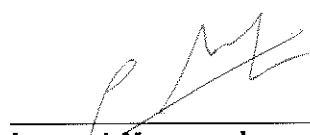
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

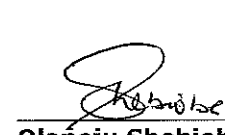
The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements for the year ended 31 December 2017 were approved by board of directors on 22 March 2018.

On behalf of the Directors of the Group


Laurent Moussard
Chief Executive Officer
FRC/2016/IODN/00000014143


Richard Akerele
Chairman
FRC/2013/IODN/00000002312

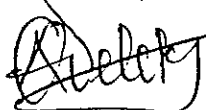

Olapeju Shebioba
Chief Finance Officer
FRC/2013/ICAN/00000002043

REPORT OF THE AUDIT COMMITTEE

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act 2004, the Committee reviewed the Audited Financial Statements of the Company and the Group for the year ended December 31, 2017 and report as follows:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit was adequate.
3. The Company maintained effective systems of accounting and internal control during the year.
4. The Company's management adequately responded to matters covered in the management report issued by the External Auditors.
5. The External Auditor has confirmed that necessary cooperation was received from management in the course of the statutory audit and that their scope of work was not restricted in any way.

Dated this 22nd day of March, 2018



MR. ADEBAYO ADELEKE
CHAIRMAN, AUDIT COMMITTEE
FRC/2013/NIM/00000002317

Members of the Audit Committee are:

- | | | | |
|----|-----------------------------|---|---------------------------------------|
| 1. | Mr. Adebayo Adeleke | - | Chairman (Shareholder Representative) |
| 2. | Mr. Ayodele Ogundeji | - | Member (Shareholder Representative) |
| 3. | Mr. Ariyo Ayo Olugbosun | - | Member (Shareholder Representative) |
| 4. | Mr. Jonathan Stent-Torriani | - | Member (Director) |
| 5. | Mr. Matthieu Jeandel | - | Member (Director) |
| 7. | Mr. Marc Starke | - | Member (Director) |

The Company Secretary, LPC Solicitors acted as Secretary to the Committee.

Independent Auditors' Report

To the Shareholders of Newrest ASL Nigeria Plc

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Newrest ASL Nigeria Plc** ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2017, the consolidated and separate statements of profit or loss and comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Newrest ASL Nigeria Plc as at 31 December 2017 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 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 Auditors' 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 requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 judgement, 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. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the separate financial statements.

Key Audit matter	How the matter was address in the audit
Disposal of subsidiary The company disposed its 70% equity investment in ASL Rwanda EPZE to Rwandair Limited, its second shareholder, on 20 July, 2017 following a Board of Directors resolution of 18 May, 2017. The disposal of the entity to Rwandair Limited was on receipt of its notification on intention to exercise its right of first refusal to purchase the shares in line with Clause 11.2 (Right of first refusal) of the Shareholder's Agreement dated April, 2013. The sale was concluded with the signing of Share and Purchase Agreement by both parties in July, 2017.	We reviewed the minutes of meeting of the Board of Directors where decision to notify the second shareholders – ASL Rwanda- EPZE of its intention to sell its holding was taken Reviewed the sale and purchase agreement signed by both Newrest ASL Nigeria Plc. and Rwandair Limited and approved by the Board of Directors of Newrest ASL Nigeria Plc on 18 May, 2017. We carried out substantive test on the accounting treatment and disclosures of the discontinued operation. Our procedures included the following: <ul style="list-style-type: none"> • Traced receipt of the purchase consideration to the bank statement. • Tested validity of the associated cost-to-sell expenses. • Reviewed the accounting treatment adopted and related disclosures and ensured that it is in compliance with IFRS 5 and IFRS 10 (note 35) The treatment and related disclosures adopted with respect to the discontinued operation by management were found to be appropriate and in compliance with the related IFRSs.

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of Investment</p> <p>As at 31 December 2017, the equity of one of the Company's subsidiaries, Newrest ASL Oil & Gas Logistics Ltd, was a net liability of N87 million, which was lower than the carrying value of the Company's investment in the subsidiary. This was an indication that the Company's investment in the subsidiary may have been impaired.</p> <p>Based on the above mentioned impairment indicator, the Directors carried out impairment test on Investment in the subsidiary using discounted cash flow ("DCF") valuation method used in computing Value in Use (VIU) in accordance with IAS 36.</p> <p>To carry out the impairment test, the Directors made some significant judgements and assumptions in estimating the future cash flow and growth rate. The estimates included projections based on recovering oil prices and subsequent increased sales. Refer to Note 4.1 (Impairment of Investment in ASL Oil and Gas Limited).</p> <p>The result of this assessment indicated that investment in Newrest ASL Oil & Gas Logistics Ltd. was impaired by N27.9 million. Consequently, this has been adjusted in the financial statement. Refer to Note 18 on impairment of investment in subsidiary.</p>	<p>In evaluating Directors' impairment test, we carried out substantive audit test on the Directors' estimates. We also checked compliance with the requirements of relevant accounting standards:</p> <p>Our procedures included the following:</p> <ul style="list-style-type: none"> Reviewed the measurement basis used by the Company and challenged the Directors' decision to choose the method used (Discounted cash flow model). Involved our internal experts in the review of the Directors cash flows projection, related assumptions and other supporting computations, including the inputs used. Obtained and reviewed supporting documents and other evidence provided to support the Directors' future plans, which were incorporated in the cash flows projection. Reviewed the assumption in respect of the growth rate used by the Directors and assessing the reasonability. The factors considered by the Directors were also reviewed. Performed sensitivity analysis to assess the impact of any changes in the assumptions and inputs. <p>The Judgement and assumptions made by the Directors for the asset impairment test and the value of impairment thereon were found to be appropriate.</p>

Other Information

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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 Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, 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 consolidated and separate financial statements.

Deloitte.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 control.
- Obtain an understanding of internal control 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 and the Company's internal control.
- 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 relating to events or conditions that may cast significant doubt on the Group and Company'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 consolidated and separate 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 and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's 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 consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and 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.

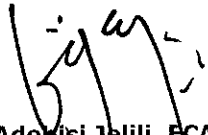
We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related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

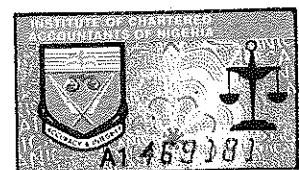
From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position, statements of profit or loss and comprehensive income are in agreement with the books of account and returns.


Adebisi Jelili, FCA - FRC/2013/ICAN/00000004247
Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
29 March, 2018



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


		The Group		The Company	
		2017	2016	2017	2016
	Note	N'000	N'000	N'000	N'000
Continuing operations					
Revenue	5	3,920,293	5,072,346	3,693,037	3,686,650
Cost of sales	6.2	(1,305,978)	(1,485,518)	(1,218,312)	(1,090,646)
Gross profit		2,614,315	3,586,828	2,474,725	2,596,004
Administrative expenses	11	(2,084,128)	(2,698,007)	(2,072,676)	(2,144,168)
Selling & Distribution expenses	12	(582,548)	(604,127)	(555,604)	(540,360)
Operating (loss)/ profit		(52,361)	284,694	(153,555)	(88,524)
Investment income	8	46,910	31,059	45,915	31,059
Other operating income	7	308,660	221,391	337,562	281,439
Other gains and losses	9	88,806	800,235	88,075	919,820
Finance costs	10	-	(185,239)	-	(65,155)
Profit before tax		392,015	1,152,140	317,997	1,078,639
Tax	14	(5,339)	(1,604)	-	-
Profit for the year from continuing operations		386,676	1,150,536	317,997	1,078,639
Discontinued operations	35.1	207,451	-	-	-
(Loss)/gain on disposal of interest in subsidiary	35.6	(165,766)	-	43,178	-
Profit for the year		428,361	1,150,536	361,175	1,078,639
Other comprehensive income (net of income tax)					
Items that may be reclassified subsequently to profit or loss:					
Net gain on available for sale financial asset	27	49	131	49	131
Exchange differences on translating foreign operations	29	(3,570)	13,646	-	-
Cumulative translation adjustment on disposal of subsidiary	35.6	(8,895)	-	-	-
		(12,416)	13,777	49	131
Total comprehensive income for the year		415,945	1,164,313	361,224	1,078,770
Profit for the year attributable to:					
Owners of the Company	26	428,361	1,134,456	361,175	1,078,639
Non-controlling interests	28	-	16,080	-	-
		428,361	1,150,536	361,175	1,078,639
Total comprehensive income for the year attributable to:					
Owners of the Company		415,945	1,144,139	361,175	1,078,770
Non-controlling interests	28	-	20,174	-	-
		415,945	1,164,313	361,175	1,078,770
Earnings per share					
Basic and diluted (Kobo)	15	68	179	57	170


The accompanying notes on pages 8 to 63 form an integral part of these consolidated and separate financial statements.

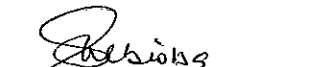
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

		The Group		The Company	
		2017	2016	2017	2016
	Note	N'000	N'000	N'000	N'000
Assets					
Non-current assets					
Property, plant and equipment	16	1,050,395	2,739,169	1,035,065	1,254,352
Intangible assets	17	5,672	5,653	5,672	5,653
Investment in subsidiary	18	-	-	15,012	86,450
Financial asset	19	3,098	3,049	3,098	3,049
Other assets	22	38,167	40,695	38,167	40,695
Deferred tax assets	14	2,181	-	-	-
		1,099,513	2,788,566	1,097,014	1,390,199
Current assets					
Inventories	20	471,926	416,480	332,482	321,424
Trade and other receivables	21	609,345	1,078,973	792,067	1,486,745
Financial asset	19	18,654	16,656	18,654	16,656
Other assets	22	129,813	206,920	129,410	84,823
Cash and cash equivalents	23	2,638,666	1,980,309	2,618,510	1,951,509
		3,868,404	3,699,338	3,891,123	3,861,157
Total assets		4,967,917	6,487,904	4,988,137	5,251,356
Equity and liabilities					
Share capital and reserves					
Share capital	24	317,000	317,000	317,000	317,000
Share premium account	25	342,000	342,000	342,000	342,000
Revenue reserve	26	2,860,068	2,543,925	2,942,052	2,693,095
Investment revaluation reserve	27	1,681	1,632	1,681	1,632
Foreign currency translation reserve	29	-	12,465	-	-
Equity attributable to owners of the Company		3,520,749	3,217,022	3,602,733	3,353,727
Non-controlling interest	28	-	28,220	-	-
Total equity		3,520,749	3,245,242	3,602,733	3,353,727
Non-current liabilities					
Borrowings	30	-	1,503,902	-	533,349
Deferred tax liabilities	14	-	177	-	-
Total non-current liabilities		-	1,504,079	-	533,349
Current liabilities					
Trade and other payables	31	1,427,645	1,203,959	1,376,574	1,046,023
Retirement benefit obligation	32	11,812	16,014	8,830	13,486
Current tax liabilities	14	7,711	543	-	-
Borrowings	30	-	518,067	-	304,771
Total current liabilities		1,447,168	1,738,583	1,385,404	1,364,280
Total liabilities		1,447,168	3,242,662	1,385,404	1,897,629
Total equity and liabilities		4,967,917	6,487,904	4,988,137	5,251,356

The financial statements were approved by the board of directors and authorised for Issue on 22 March 2018 and signed on its behalf by:


Laurent Moussard
Chief Executive Officer
FRC/2016/IODN/00000014143


Richard Akerete
Chairman
FRC/2013/IODN/00000002312


Olapeju Shebioba
Chief Finance Officer
FRC/2013/ICAN/00000002043

The accompanying notes on pages 8 to 63 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of the Group

	Share Capital N'000	Share Premium Account N'000	Revenue reserve N'000	Investment revaluation reserve N'000	Foreign currency translation reserve N'000	Attributable to owners of the parent N'000	Non- controlling interest N'000	Total N'000
Balance at 1 January 2016	317,000	342,000	1,409,495	1,501	2,913	2,072,909	8,045	2,080,954
Profit for the year	-	-	1,134,456	-	-	1,134,456	16,080	1,150,536
Other comprehensive income(net of tax)	-	-	-	131	9,552	9,683	4,094	13,777
Total comprehensive income for the year	-	-	1,134,456	131	9,552	1,144,139	20,174	1,164,313
Adjustments (Note 26.1)	-	-	(26)	-	-	(26)	1	(25)
Balance at 31 December 2016	317,000	342,000	2,543,925	1,632	12,465	3,217,022	28,220	3,245,242
Profit for the year	-	-	428,361	49	(3,570)	428,361	(789)	428,361
Other comprehensive income(net of tax)	-	-	-	-	(8,895)	(8,895)	(27,431)	(36,326)
Derecognition of non-controlling interest	-	-	428,361	49	(12,465)	415,945	(28,220)	387,725
Total comprehensive income for the year	-	-	(112,218)	-	-	(112,218)	-	(112,218)
Dividends (Note 26.2)	-	-	-	-	-	-	-	-
Balance at 31 December 2017	317,000	342,000	2,860,068	1,681	-	3,520,749	-	3,520,749

Equity attributable to equity holders of the Company

	Share Capital N'000	Share Premium Account N'000	Revenue reserve N'000	Investment revaluation reserve N'000	Foreign currency translation reserve N'000	Attributable to owners of the parent N'000	Non- controlling interest N'000	Total N'000
Balance at 1 January 2016	317,000	342,000	1,614,456	1,501	-	-	-	2,274,957
Profit for the year	-	-	1,078,639	-	-	-	-	1,078,639
Other comprehensive income(net of tax)	-	-	-	131	-	-	-	131
Total comprehensive income for the year	-	-	1,078,639	131	-	-	-	1,078,770
Dividends (Note 26.2)	-	-	-	-	-	-	-	-
Balance at 31 December 2016	317,000	342,000	2,693,095	1,632	-	-	-	3,353,727
Profit for the year	-	-	361,175	-	-	-	-	361,175
Other comprehensive income(net of tax)	-	-	-	49	-	-	-	49
Total comprehensive income for the year	-	-	361,175	49	-	-	-	361,224
Adjustments (Note 26.1)	-	-	(112,218)	-	-	-	-	(112,218)
Dividends (Note 26.2)	-	-	-	-	-	-	-	-
Balance at 31 December 2017	317,000	342,000	2,942,052	1,681	-	-	-	3,602,733

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		The Group		The Company	
		2017	2016	2017	2016
	Note	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Cash receipts from customers		4,781,665	5,733,298	3,982,466	4,945,229
Cash payments to suppliers and employees		(3,365,255)	(4,277,107)	(2,556,433)	(2,450,228)
Tax paid	14	(529)	(250)	-	-
Net cash generated by operating activities	33	1,415,881	1,455,940	1,426,033	2,495,000
Cash flows from investing activities					
Purchase of property, plant and equipment	16	(5,303)	(114,159)	(5,303)	(40,526)
Purchase of intangible assets	17	(1,723)	(5,736)	(1,723)	(5,736)
Interest received	8	46,910	31,059	45,915	31,059
Proceeds from disposal of property, plant and equipment		513	1,090	-	-
Net cash inflow on disposal of subsidiary	35	152,500	-	152,500	-
Net cash provided by/(used in) investing activities		192,897	(87,746)	191,389	(15,203)
Cash flows from financing activities					
Interest paid	10	-	(185,239)	-	(65,155)
Dividend paid	26.2	(112,218)	-	(112,218)	-
Loan received	30.3	-	1,216,445	-	-
Loans repaid	30.3	(838,203)	(1,157,295)	(838,203)	(1,123,319)
Net cash used in financing activities		(950,421)	(126,089)	(950,421)	(1,188,474)
Net increase in cash and cash equivalents		658,357	1,242,105	667,001	1,291,324
Cash and cash equivalents at beginning of year		1,980,309	738,204	1,951,509	660,185
Cash and cash equivalents at end of year	23	2,638,666	1,980,309	2,618,510	1,951,509

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 General information

The Company which was incorporated as a private limited liability company on December 6, 1996 changed its name to Newrest ASL Nigeria Plc in 2016. 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 sold its 70% interest in ASL Rwanda Limited EPZE on 20 July, 2017. The Company has three fully owned local subsidiaries; first is Reacon Duty Free Limited which operates duty free outlets at the MMIA. The second is Newrest ASL Oil & Gas Logistics Limited which provides catering services to certain airlines that operate local flights including flights to and fro oil and gas locations. The subsidiary is also prospecting for catering and logistics services to companies in the oil and gas of the economy. The third is Newrest ASL Catering Limited was incorporated on 13 October, 2017 to provide catering services to certain airlines that operate local flights including other industrial and special catering services. The company had not commenced operations as at 31 December, 2017.

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) exempts the Company from taxes and allows the Company to sell up to 25 percent of its products 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 is expanded outside the Export Processing Zone. The Company for now is not operating outside the Zone and therefore no income tax is applicable thereof.

In addition, ASL Rwanda Limited also operates in the Export Processing Zone in Rwanda and is exempt from all forms of taxes in accordance with the extant laws guiding export processing companies in the Rwanda's economy.

However, both Reacon Duty Free Limited and Newrest ASL Oil & Gas Logistics Limited, wholly owned subsidiaries, currently operate outside the Export Processing Zone and therefore are subject to income tax.

1.1 Composition of the financial statements

The Consolidated and Separate Financial statements are drawn up in Naira, the functional currency of Newrest ASL Nigeria Plc. In accordance with IFRS accounting presentation, the Consolidated and Separate Financial Statements comprise:

- Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income
- Consolidated and Separate Statement of Financial Position
- Consolidated and Separate Statement of Changes in Equity
- Consolidated and Separate Statement of Cashflows
- Notes to the Consolidated and Separate Financial Statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1.2 Financial period

These Consolidated and Separate Financial Statements cover the financial year ended 31 December 2017 with comparative amounts for the year ended 31 December 2016.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. The standards that may impact the Group and subsidiaries financial statements have been considered.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings (note 30) and certain other financial liabilities (note 31). A reconciliation between the opening and closing balances of these items is provided in (note 30 and 31). Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 30, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Amendment to IFRS 12 included in the 2014-2016 Cycle

The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 2.2).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no impact on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle
IFRIC 22	Foreign Currency Transactions and Advance Considerations

Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

IFRS 16	Leases
---------	--------

Effective for annual periods beginning on or after a date to be determined

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2017 (Cont'd)

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attribute to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have performed a preliminary assessment of the impacts of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement

Loans carried at amortised cost as disclosed in note 30 are held with the intention to settle contractual cash flows obligations that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial liabilities will continue to be subsequently measured at amortised cost upon the application of IFRS 9.

Unlisted shares classified as available-for-sale investments carried at fair value as disclosed in note 19: these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2017 (Cont'd)

Impairment

The Group's financial assets will be subject to the impairment provisions of IFRS 9. The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade and intercompany receivables.

In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. The disclosures will be presented as per the requirements of IFRS 15 from 1 January, 2018.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessor and lessee. IFRS 16 will supersede the current lease guidance IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinction of operating leases (off balance sheet) and finance lease (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2017 (Cont'd)

IFRS 16 Leases (Cont'd)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The new requirement to recognise a right-of-use asset, if it exists and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) the original liability is derecognised;
 - (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2017 (Cont'd)

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28 deal with situations where there is a sales or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effectively for annual periods beginning on or after 1 January 2018 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year (see note 2.1) for details of application.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2017 (Cont'd)

Annual Improvements to IFRSs 2014-2016 Cycle (Cont'd)

The amendments to IAS 28 clarify that the option for a capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of the amendments to in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liabilities (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liabilities arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is with the amendments.

3 Summary of significant accounting policies

3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.2 Basis of preparation and measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and /or disclosure purposes in these consolidated financial statements is determined on such a basis, leasing transactions that are within the scope of IAS 17, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Basis of accounting

The consolidated and separate 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 consolidated and separate financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain classes of assets. The consolidated and separate Financial Statements have been prepared on a going concern basis.

The principal accounting policies are set out below.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

has power over the investee;

is exposed, or has rights, to variable returns from its involvement with the investee; and

has the ability to use its power to affect its returns.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.4 Basis of consolidation (Cont'd)

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

potential voting rights held by the Company, other vote holders or other parties;

rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and.

(ii) the previous carrying amount of the net assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.4.1 Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.5 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.

3.6 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

(i) 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;

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

(iii) 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.

Goodwill is measured as the excess of the sum of consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.6 Business combinations (Cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be measured either at fair value or at the non-controlling interests's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets and liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss recognised in profit or loss.

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.

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 above), 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods and services

Revenue from sales of goods and services is recognised when the goods are delivered and or services rendered, and titles have passed, at which time all the following conditions are satisfied:

- (i) the Group has transferred to the customer the significant risks and rewards of ownership of the goods and services
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold and the services rendered
- (iii) the amount of revenue can be measured reliably
- (iv) it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.8 Revenue recognition (Cont'd)

Sales of goods and services (Cont'd)

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.

Other operational revenues are recognised as other operating income.

3.9 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.

3.10 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 allowance 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.

3.11 Provisions for pensions and other post-employment benefits

The company operates a defined contribution staff pension scheme for members of staff which is managed by Pension fund administrators. The scheme, which is funded by contributions from employees (8%) and the Group (10%) of basic salary, housing and transport allowances, is consistent with the provisions of the Pension Reform Act, 2014 with effect from July 1, 2014.

3.12 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 is currently not operating outside the Zone and therefore no income tax is applicable thereof.

In addition, ASL Rwanda Limited also operates in the Export Processing Zone in Rwanda and is exempt from all forms of taxes in accordance with the extant laws guiding export processing companies in the Rwanda's economy.

However, both Reacon Duty Free Limited and Newrest ASL Oil & Gas Logistics Limited, wholly owned subsidiaries, currently operate outside the Export Processing Zone and therefore are subject to income tax. See below for the accounting policy applied. Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.12 Taxation (Cont'd)

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.13 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
Furniture and Equipment	4 - 10 years
Motor Vehicles	2 - 5 years
Food Processing Equipment	3 - 7 years
MMIA Lounge & Cockpit Bar Improvement	5 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.

3.14 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization 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 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.

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

	Range of Years
Software Licences	3 years

Derecognition of intangible assets

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.14 Intangible assets (Cont'd)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are 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.

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.

3.15 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 Executive Officer (CEO).

3.16 Borrowing costs

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.16 Borrowing costs (Cont'd)

In addition, exchange differences arising from restatement of foreign denominated borrowings as a result of devaluation of Naira are also capitalised. The loans are specifically obtained to fund qualifying assets which interest costs are being capitalised.

Nevertheless, exchange differences relating to the principal are regarded as an adjustment to interest costs but only to the extent that the adjustment does not increase or decrease costs to an amount below or above a notional borrowing cost based on commercial interest rates prevailing in the functional currency at the date of the initial recognition of the borrowing.

In essence, the amount of borrowing costs that may be classified should lie between the following two amounts:

(1) actual interest cost denominated in the foreign currency translated at the actual exchange rate on the date on which the expense is incurred

(2) notional borrowing cost based on commercial interest rates prevailing in the functional currency at the date of the initial recognition of the borrowing (IAS 23: 6e).

3.17 Foreign currency transactions and translation

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.

3.18 Foreign currency transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks;

exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore not forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.18 Foreign currency transactions and balances (Cont'd)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using the exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or joint arrangement that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.19 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 the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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 can be measured reliably.

3.20 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.21 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.

3.22 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance lease are initially recognised as assets of the Group at their fair value at the inception of the lease or, lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Operating lease payment are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.23 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group's financial instruments include:

- Interest-bearing debt
- Trade receivables
- Trade payables
- Cash and cash equivalents
- Fixed deposits
- Borrowings

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.24 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.24.1 The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.24.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in the notes to the accounts.

The Group's financial assets at FVTPL include funds invested in short term call deposits with less than 90 days maturity with a fund manager.

3.24.3 Available-for-sale financial assets (AFS Financial Assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the entity's right to receive the dividends is established.

The Group's AFS financial assets are in the custody of a fund manager. It includes equity securities and bank deposits.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.24.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.24.5 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 uncollectible 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.

3.24.6 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 held at amortised cost.

3.24.7 Fixed deposits

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

3.24.8 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include breach of contract, such as a default or delinquency in interest or principal payments or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.24.9 Derecognition of financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the entity retains an option to repurchase part of a transferred asset), the entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

3.24.10 Classification as debt or equity

Debt and equity instruments issued by the entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

3.24.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.24.12 Financial liabilities

Financial liabilities are classified either FVTPL or 'other financial liabilities' (which include loans from banks and related parties and trade and other payables). The Group does not have financial liabilities classified FVTPL. The Group subsequently measures financial liabilities at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.24.13 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.

3.24.14 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.

4 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.

4.1 Critical judgements in applying the Group's accounting policies and key sources of estimation and uncertainty

The key judgements have been disclosed in the relevant notes to the consolidated and separate financial statements. However, the following are the estimates 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.

As at 31 December 2017, the Group reconsidered this and have noted no changes.

Impairment of trade receivables

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.

Impairment test on investment in Newrest ASL Oil and Gas Logistics Limited

During the year the Directors carried out impairment test on investment in Newrest ASL Oil and Gas Logistics Limited. This involved significant judgements and assumptions used for the estimation of ASL Oil and Gas Limited's projected cash flow and growth rate in determining the recoverable value of the assets. The following were the judgements and assumptions made by the Directors.

- The recovery of oil prices from last quarter of 2017 and target to boost production resulted in new project developments in the Oil & Gas Industry.
- Tenders would be initiated in 2018 – 2019 for contracts on both existing and new projects.
- Newrest ASL Oil & Gas Logistics Limited will be provided with all support to tender and be successful in contract award.
- In 2017, secured one customer in the Oil & Gas Industry and expected to build on the experience for future business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

5 Revenue

The following is an analysis of the Group and Company's revenue for the year from continuing operations (excluding investment income- see Note 8).

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Inflight catering and related services	3,081,803	4,376,568	3,081,803	3,093,054
Lounges	375,120	310,965	375,120	310,965
Duty Free shop	138,756	79,080	-	-
Restaurants	139,084	158,168	139,084	158,168
Others	185,530	147,565	97,030	124,463
	3,920,293	5,072,346	3,693,037	3,686,650

6 Segment information

6.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker; the Chief Executive Officer (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 Operations-The segment operations include inflight catering, lounges and restaurant services provided in the Abuja unit.

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.

Oil and Gas and other Catering- The segment operations include domestic flight services, oil and gas and other catering and logistics services.

6.2 Segment revenue and results

The following is an analysis of the Group's and Company's revenue and results by reportable segment for the year ended 31 December 2017:

	Group			Company		
	Segment revenue N'000	Cost of sales N'000	Segment Profit N'000	Segment revenue N'000	Cost of sales N'000	Segment Profit N'000
Lagos Inflight Catering	2,383,744	(810,776)	1,572,968	2,383,744	(810,776)	1,572,968
Abuja Operations	754,693	(261,239)	493,454	754,693	(261,239)	493,454
Airport Operations Lagos	693,356	(208,183)	485,173	554,600	(146,297)	408,303
Oil and Gas and other Catering	88,500	(25,780)	62,720	-	-	-
	3,920,293	(1,305,978)	2,614,315	3,693,037	(1,218,312)	2,474,725
Central administration costs			(2,666,676)			(2,628,280)
Other Operating Income			308,660			337,562
Operating profit			256,299			184,007
Investment income			46,910			45,915
Other gains and losses			88,806			88,075
Finance costs			-			-
Profit before tax			392,015			317,997
Tax			(5,339)			-
Profit for the year			386,676			317,997

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6.2 Segment revenue and results (Cont'd)

The following is an analysis of the Group's and Company's revenue and results by reportable segment for the year ended 31 December 2016:

	Group			Company		
	Segment revenue	Cost of sales	Segment Profit	Segment revenue	Cost of sales	Segment Profit
	N'000	N'000	N'000	N'000	N'000	N'000
Lagos Inflight Catering	2,287,108	(705,493)	1,581,615	2,287,108	(705,493)	1,581,615
Abuja Operations	881,730	(261,412)	620,318	881,730	(261,412)	620,318
Airport Operations Lagos	596,891	(149,531)	447,360	517,812	(123,741)	394,071
Kigali Inflight Catering	1,254,948	(357,130)	897,818	-	-	-
Oil and Gas and other Catering	51,669	(11,952)	39,717	-	-	-
	5,072,346	(1,485,518)	3,586,828	3,686,650	(1,090,646)	2,596,004
Central administration costs			(3,302,134)			(2,684,528)
Other operating Income			221,391			281,439
Operating profit			506,085			192,915
Investment income			31,059			31,059
Other gains and losses			800,235			919,820
Finance costs			(185,239)			(65,155)
Profit before tax			1,152,140			1,078,639
Tax			(1,604)			-
Profit for the year			1,150,536			1,078,639

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.

6.3 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.

6.4 Revenues from major products and services

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

	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Revenue from:				
Lagos:				
Inflight catering	1,928,802	1,833,194	1,928,802	1,833,194
Lounges	375,120	310,965	375,120	310,965
Duty free shop	138,756	79,080	-	-
Beverages	77,246	63,451	77,246	63,451
Handling	253,257	268,812	253,257	268,812
Laundry	114,986	107,408	114,986	107,408
Others	188,933	221,091	188,933	221,091
	3,077,100	2,884,001	2,938,344	2,804,921
Abuja:				
Inflight catering	565,606	632,569	565,606	632,569
Beverages	3,470	4,653	3,470	4,653
Handling	130,148	175,033	130,148	175,033
Laundry	8,289	7,934	8,289	7,934
Others	47,180	61,540	47,180	61,540
	754,693	881,729	754,693	881,729
Oil and Gas and other Catering				
Oil & Gas, local flights and other catering	88,500	51,669	-	-
	88,500	51,669	-	-
Kigali:				
Inflight catering	-	949,331	-	-
Handling	-	277,496	-	-
Laundry	-	5,018	-	-
Others	-	23,102	-	-
	-	1,254,947	-	-
Total revenue	3,920,293	5,072,346	3,693,037	3,686,650

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6.5 Geographical information

Currently the Group's operations are domiciled in Nigeria. The Company divested its interest in ASL Rwanda Limited, Kigali on July 20, 2017.

6.6 Information about major customers

Included in revenues (see note 6.2 above) are revenues of approximately N million (2016: N691 million) which arose from sales to the Group's largest customer. In addition, two other customers individually contributed more than 10% to the Group's revenues altogether amounting to N billion (2016: two other customers amounting to N1.05 billion).

7	Other operating income	The Group		The Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
	Advert/branding fee	47,922	901	31,612	-
	Doubtful debt recovered	306	-	306	-
	Management service fees	-	-	54,047	65,147
	Others	41,536	6,494	41,536	7,660
	Levies	218,896	213,996	210,061	208,632
		308,660	221,391	337,562	281,439

Management service fees refers to income earned by the parent company arising from day-to-day running of ASL Rwanda Limited EPZE and as a result of allocation of the Company's central costs based on the proportion of revenue generated by the Group indigenous companies (2016: Included income earned by the parent company arising from day-to-day running of ASL Rwanda Limited EPZE).

Levies represent international standard concession fees collectible from Airlines.

8	Investment income	The Group		The Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
	Interest income: Bank deposits	44,912	29,639	43,917	29,639
	Financial assets (Note 19)	1,998	1,420	1,998	1,420
	Total investment income	46,910	31,059	45,915	31,059

The interest income on bank deposits were earned at interest rates ranging from 1.4% - 13.9% per annum.

9	Other gains and losses	The Group		The Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
	Foreign exchange gain	88,806	800,235	88,075	919,820

10 Finance cost

Interest on bank loans	-	185,239	-	65,155
------------------------	---	----------------	---	---------------

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
11 Administrative expenses:				
Salaries & wages	618,087	934,667	618,087	734,440
Staff pension costs	35,056	37,101	34,226	36,371
Directors remuneration	155,404	110,676	151,404	106,676
Staff training	16,493	17,391	16,372	16,894
Staff uniform	14,099	26,819	14,000	23,266
Transport & travelling	46,843	91,165	46,843	65,094
Printing, stationery & computer	8,484	6,824	8,413	5,146
Rent, rates & lease rentals	217,271	289,589	210,202	248,813
Insurance	39,536	52,605	39,476	34,081
Professional & consultancy fees	248,617	145,369	235,997	117,869
Listing & registration fees	2,896	1,280	2,871	913
Licences fees & permits	47,961	37,268	47,663	36,288
Electricity	86,939	113,189	86,448	95,263
AGM expenses	12,767	8,897	12,767	8,897
Charitable donations & contributions	200	1,304	200	1,304
Office & administrative expenses	81,765	73,672	75,622	57,677
Repairs & maintenance	113,255	169,643	112,155	137,748
Damaged and expired stock	20,974	-	20,974	-
Audit fees	13,600	16,910	11,500	12,000
Security coverage	65,221	75,249	65,221	73,749
Bank charges	14,450	20,129	13,678	10,452
Allowance for bad debts	601	104,302	-	105,966
Medical expenses	30,729	37,915	30,652	28,688
Depreciation charge	167,405	321,827	167,405	186,215
Impairment on investment in subsidiary	-	-	27,888	-
Amortisation of intangible assets	1,704	83	1,704	83
Loss on disposal of property, plant & equipment	22,446	3,658	19,583	1
Fines & penalty	1,325	475	1,325	275
	2,084,128	2,698,007	2,072,676	2,144,168
12 Selling and distribution expenses:				
Marketing expenses:				
Salaries & wages	50,968	47,246	38,364	36,237
Advert, promotion & public relations	27,594	43,582	26,591	41,395
Management, technical & concession fees	370,292	269,296	358,924	270,271
	448,854	360,124	423,879	347,903
Distribution expenses:				
Salaries & wages	93,301	143,991	93,301	109,536
Depreciation charge	39,868	95,677	37,899	78,586
Carriage outwards	525	4,335	525	4,335
	133,694	244,003	131,725	192,457
Total selling and distribution expenses:	582,548	604,127	555,604	540,360
12a Employee benefit expenses				
Salaries & wages	762,356	1,125,904	749,752	880,213
Pension costs	35,056	37,101	34,226	36,371
	797,412	1,163,005	783,978	916,584

12b Number of employees of the Group and Company who earned less than N1,000,000 and above during the year (excluding pension costs and other off payroll benefits) in the year fell within the bands stated below:

	The Group		The Company	
	2017	2016	2017	2016
N	Number	Number	Number	Number
Less than 1,000,000	200	305	195	295
1,000,001 - 2,000,000	133	187	130	127
2,000,001 - 5,000,000	20	33	20	20
5,000,001 - 10,000,000	2	9	2	7
10,000,001 - 20,000,000	8	8	8	6
20,000,000 and above	5	6	5	4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

13 Profit for the year

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

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Net foreign exchange gains	(88,806)	(800,235)	(88,075)	(919,820)
Depreciation of property, plant and equipment	2 07,273	428,785	205,304	264,801
Auditor's remuneration	13,600	16,910	11,500	12,000
Directors' remuneration and fees	155,404	110,676	151,404	106,676
Amortisation of intangible assets	1704	83	1704	83
Loss on disposal of property, plant and equipment	22,446	3,659	19,583	1

14 Taxation

Income tax recognised in profit or loss

Current tax

In respect of the current year	7,697	566	-	-
--------------------------------	--------------	------------	---	---

Deferred tax

In respect of the current year				
Write-downs of deferred tax assets	(2,358)	1,038	-	-

Total income tax expense recognised in the current year

	5,339	1604	-	-
--	--------------	-------------	---	---

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14 Taxation (Cont'd)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	The Group	
	2017	2016
	N'000	N'000
Profit before tax	392,015	1,152,140
Tax @ 30%	117,605	345,642
Effects of income exempted from tax	(117,605)	(345,642)
Effects of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	861
Effects of write-downs of deferred tax assets	(2,358)	177
Effects of minimum tax provisions	7,697	566
Total income tax expense recognised in profit or loss	5,339	1,604

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by Reacon Duty Free Limited and Newrest ASL Oil & Gas Logistics Nigeria Limited in Nigeria on taxable profits under the Nigerian tax law.

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by Reacon Duty Free Limited and Newrest ASL Oil & Gas Logistics Nigeria Limited in Nigeria on taxable profits under Nigerian tax law.

Current tax liability in the statement of financial position

	2017	2016
	N'000	N'000
Balance at 1 January	543	226
Charge for the year	7,697	566
Payment during the year	(529)	(250)
Balance at 31 December	7,711	543

Deferred tax balances

The following is the analysis of deferred tax (assets)/liabilities presented in the consolidated statement of financial position:

	2017	2016
	N'000	N'000
Balance at 1 January	(177)	(861)
Charge to profit or loss	2,358	1,038
Balance at 31 December	2,181	(177)

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) exempts the Company from taxes and allows the Company to sell up to 25 percent of its products in the local market and subject to the issuance of the relevant permit.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14 Taxation (Cont'd)

Deferred tax balances (Cont'd)

The Company would be liable to tax on income generated outside the zone if the scope of business is expanded outside the Export Processing Zone. The Company for now is not operating outside the Zone and therefore no income tax is applicable thereof.

In addition, ASL Rwanda Limited also operates in the Export Processing Zone in Rwanda and is exempt from all forms of taxes in accordance with the extant laws guiding export processing companies in the Rwanda's economy.

Income tax charged for the year relates to the operations of Reacon Duty Free Limited and Newrest ASL Oil & Gas Logistics Limited which are conducted outside the Export Processing Zone.

Deferred tax in respect of the subsidiary arises from timing differences in the recognition of items for accounting and tax purposes and is provided, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes.

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	2017	2016
	N'000	N'000
At 1 January	(177)	(861)
Charge to profit or loss	2,358	1,038
Charge to other comprehensive income	-	-
Charge direct to equity	-	-
Exchange differences	-	-
At 31 December	<u>2,181</u>	<u>(177)</u>

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The balance above is the deferred tax balances (after offset) for financial reporting purposes.

15 Basic and diluted earnings per share

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

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Profit attributable to owners of the company	<u>428,361</u>	<u>1,134,456</u>	<u>361,175</u>	<u>1,078,639</u>
Earnings used in the calculation of basic and diluted earnings per share	<u>428,361</u>	<u>1,134,456</u>	<u>361,175</u>	<u>1,078,639</u>
Shares	Number	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share (000)	<u>634,000</u>	<u>634,000</u>	<u>634,000</u>	<u>634,000</u>
Basic EPS (kobo)	<u>68</u>	<u>179</u>	<u>57</u>	<u>170</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

16 Property, plant and equipment

The Group	Freehold Buildings N'000	MMIA Lounge Improvements N'000	Motor Vehicles N'000	Food processing equipment N'000	Furniture and equipment N'000	MMIA Cockpit bar Improvements N'000	Leasehold Building N'000	Assets in construction/ Equipment in transit N'000	Total N'000
Cost									
Balance as at 1 January, 2016	2,073,608	209,402	190,376	1,167,732	206,200	12,665	11,219	4,640	3,875,841
Additions	60,424	1,990	12,978	13,005	25,588	-	-	174	114,159
Disposals	-	-	(4,500)	(8,332)	(5,900)	-	-	-	(15,745)
Effects of foreign currency translation (Note 16.1)	314,883	-	9,627	119,236	10,224	-	-	-	453,970
Balance as at 31 December, 2016	2,448,915	211,392	208,481	1,294,628	236,112	12,665	11,219	4,814	4,428,225
Additions	-	-	-	387	1,514	-	-	3,402	5,303
Disposals	-	-	(29,620)	(8,332)	(118)	-	-	-	(38,070)
Effects of foreign currency translation (Note 16.1)	-	-	-	-	-	-	-	-	-
Derecognised on disposal of subsidiary	(1,348,036)	-	(39,369)	(424,229)	(37,602)	-	-	-	(1,849,236)
Balance as at 31 December, 2017	1,100,879	211,392	139,492	862,454	199,906	12,665	11,219	8,216	2,546,222
Accumulated Depreciation and Impairment									
Balance as at 1 January, 2016	263,223	170,876	105,432	536,735	94,077	10,529	9,973	4,640	1,195,485
Depreciation charge for the year	155,866	38,551	31,346	170,647	28,993	2,136	1,246	-	428,785
Disposal	-	-	(4,500)	(4,067)	(2,430)	-	-	-	(10,997)
Effects of foreign currency translation (Note 16.1)	37,525	-	2,222	32,331	3,705	-	-	-	75,783
Balance as at 31 December, 2016	456,614	209,427	134,500	735,646	124,345	12,665	11,219	4,640	1,689,056
Depreciation charge for the year	59,113	199	18,775	108,060	21,126	-	-	-	207,273
Disposals	-	-	(10,384)	(4,652)	(75)	-	-	-	(15,111)
Effects of foreign currency translation (Note 16.1)	-	-	-	-	-	-	-	-	-
Eliminated on disposal of subsidiary	(217,503)	-	(11,018)	(140,371)	(16,499)	-	-	-	(385,391)
Balance as at 31 December, 2017	298,224	209,626	131,873	698,683	128,897	12,665	11,219	4,640	1,495,827
Net book Value									
31 December, 2016	1,992,301	1,965	73,981	558,982	111,767	-	-	174	2,739,169
31 December, 2017	802,655	1,766	7,619	163,771	71,009	-	-	3,576	1,050,395

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

16 Property, plant and equipment (Cont'd)

The Company	Freehold Buildings N'000	MMIA Lounge Improvements N'000	Motor Vehicles N'000	N'000	N'000	N'000	N'000	Total N'000
Cost								
Balance as at 1 January, 2016	1,080,264	209,402	170,770	849,223	173,097	12,665	-	2,495,421
Additions	20,615	1,990	2,842	9,576	5,503	-	-	40,526
Transfer from Subsidiary	-	-	-	3,346	-	-	-	3,346
Disposals	-	-	(4,500)	-	-	-	-	(4,500)
Balance as at 31 December, 2016	1,100,879	211,392	169,112	862,145	178,600	12,665	-	2,534,793
Additions	-	-	-	387	1,514	-	3,402	5,303
Transfer from Subsidiary	-	-	-	297	-	-	-	297
Disposals	-	-	(29,620)	(375)	-	-	-	(29,995)
Balance as at 31 December, 2017	1,100,879	211,392	139,492	862,454	180,114	12,665	3,402	2,510,398
Accumulated Depreciation and Impairment								
Balance as at 1 January, 2016	180,430	170,876	102,699	471,735	83,871	10,529	-	1,020,140
Depreciation charge for the year	58,684	38,551	25,283	119,000	21,147	2,136	-	264,801
Disposal	-	-	(4,500)	-	-	-	-	(4,500)
Balance as at 31 December, 2016	239,114	209,427	123,482	590,735	105,018	12,665	-	1,280,441
Depreciation charge for the year	59,113	199	18,775	107,948	19,269	-	-	205,304
Disposals	-	-	(10,384)	-	(28)	-	-	(10,412)
Balance as at 31 December, 2017	298,227	209,626	131,873	698,683	124,259	12,665	-	1,475,333
Net book Value								
31 December, 2016	861,765	1,965	45,630	271,410	73,582	-	-	1,254,352
31 December, 2017	802,652	1,766	7,619	163,771	55,855	-	3,402	1,035,065

16.1 This effect was as a result of re-translation of foreign subsidiary's i.e. ASL Rwanda Limited EPZE financial statements to Naira at the prevailing closing rate as at the reporting date.

16.2 Assets pledged as security

There was no assets pledged as security, as the Group had repaid all loans obtained from Access Bank Plc and Ecobank Ltd. (2016: leasehold building, plant and machinery and motor vehicles all belonging to ASL Rwanda Limited EPZE with a carrying amount of approximately N1.51 billion as well as Corporate Guarantee of Newrest ASL Nigeria Plc have been pledged to secure borrowings of the Group (see note 30). Also, the Group new building facility units in Abuja, Nigeria and Kigali, Rwanda were financed through term loans obtained from Access Bank Plc and Ecobank Ltd. They are both secured by a negative pledge).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17 Intangible assets

	The Group			The Company		
	Software license N'000	Operational right N'000	Total N'000	Software license N'000	Operational right N'000	Total N'000
Cost						
Balance at 1 January, 2016	57,164	80,751	137,915	57,164	80,751	137,915
Additions	5,736	-	5,736	5,736	-	5,736
Balance at 31 December, 2016	62,900	80,751	143,651	62,900	80,751	143,651
Additions	1,723	-	1,723	1,723	-	1,723
Balance at 31 December, 2017	64,623	80,751	145,374	64,623	80,751	145,374
Accumulated amortisation and impairment						
Balance at 1 January, 2016	57,164	80,751	137,915	57,164	80,751	137,915
Amortisation expense	83	-	83	83	-	83
Balance at 31 December, 2016	57,247	80,751	137,998	57,247	80,751	137,998
Amortisation expense	1,704	-	1,704	1,704	-	1,704
Balance at 31 December, 2017	58,951	80,751	139,702	58,951	80,751	139,702
Net Book Value						
31 December, 2016	5,653	-	5,653	5,653	-	5,653
31 December, 2017	5,672	-	5,672	5,672	-	5,672

The software cost above relates basically to various software licences acquired and deployed for operational purposes. Amortisation expenses have been recognised in accordance with the Group's policy to write off the cost over 3 years.

The operational right above relates to the use of the British Airways lounge. The cost of the right has been amortised over the period in which it is exercisable. Revenue from using the lounge has grown appreciably and there is no indication of impairment.

18 Investment in subsidiary

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Investment at cost (Note 18.1)	-	-	68,400	111,950
less: impairment of investment	-	-	(53,388)	(25,500)
	-	-	15,012	86,450

We reviewed the company's cost of investment in its wholly owned (100% shareholdings) subsidiaries.

Reacon Duty Free Limited: The cost of investment in this subsidiary was fair valued based on the value of shares in the subsidiary and an impairment of N25.5m was recognised due to the diminution in the carrying amount.

In compliance with IAS 36, the company on 31 December 2017 reassessed its cost of investment in one of its wholly owned subsidiary; Newrest ASL Oil and Gas Logistics Limited. The estimates of the 'Value in use' and 'Fair value less cost to sell' indicates that the recoverable amount is lower than the carrying value. Consequently, an impairment of N27.89m was recognised due to the diminution in the carrying amount.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18.1

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of interest ownership and voting power held by the Group 2017 %	Holdings N'000	Proportion of interest ownership and voting power held by the Group 2016 %	Holdings N'000
Reacon Duty Free Limited	Airport duty free shops	Nigeria	100	26,000	100	26,000
ASL Rwanda Limited (EPZE)	Airline catering, airport lounge and duty free management services	Rwanda	-	-	70	53,550
Newrest ASL Oil & Gas Logistics Limited	Oil and gas catering	Nigeria	100	32,400	100	32,400
Newrest ASL Catering Limited	Local airline and other catering	Nigeria	100	10,000	-	-
Total cost of investment				68,400		111,950
Less						
Impairment on investment in Reacon Duty Free Limited				(25,500)		(25,500)
Impairment on investment in Newrest ASL Oil & Gas Logistics Limited				(27,888)		-
Net value of investment in subsidiaries				15,012		86,450

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18.1 (Cont'd)

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

(i) Reacon Duty Free Limited

The company holds 500,000 ordinary shares of N1 representing 100% of the issued share capital of N500,000. Reacon Duty Free Limited operates a duty free shop at the Murtala Muhammed International Airport in Lagos, Nigeria.

(ii) Newrest ASL Oil & Gas Logistics Limited

The company holds 32,400,000 ordinary shares of the authorised share capital of 54,000,000 ordinary shares of N1 representing 100% of the issued share capital of N32,400,000. The company operational base is situated at 1, Service Street, Murtala Muhammed International Airport, Lagos, Nigeria.

(iii) ASL Rwanda Limited

The company holds its 214,200,000 ordinary shares representing 70% of the issued share capital of RWF 306,000,000 on 20 July, 2017. The company carries on the business of airline catering, airport lounges and duty free services at Kigali International Airport, Kigali, Rwanda.

(iv) Newrest ASL Catering Limited

The company holds 10,000,000 ordinary shares of the authorised share capital of 10,000,000 ordinary shares of N1 representing 100% of the issued share capital of N10,000,000. The company operational base is situated at 1, Service Street, Murtala Muhammed International Airport, Lagos, Nigeria. The company is yet to commence operations.

Intercompany balances between the parent company and its subsidiaries have been eliminated on consolidation.

NEWREST ASL NIGERIA PLC
(FORMERLY AIRLINE SERVICES & LOGISTICS PLC)
Consolidated and separate financial statements
For the year ended 31 December 2017

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18.2 Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is presented below.

The summarised financial information below shows amounts before intragroup eliminations.

ASL Rwanda Limited (EPZE)	For the period ended 20-Jul-17 N'000	For the year ended 2016 N'000
Current assets	1,231,587	797,880
Non-current assets	1,335,754	1,463,846
Current liabilities	1,320,031	1,195,693
Non-current liabilities	859,611	970,553
Equity attributable to owners of the Company	271,389	40,846
Non-controlling interests	116,310	17,505
Revenue	1,144,178	1,254,947
Expenses	(847,819)	(1,201,346)
Profit for the year	296,359	53,601
Profit attributable to owners of the Company	207,451	37,521
Profit attributable to the non-controlling interests	88,908	16,080
Profit for the year	296,359	53,601
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	207,451	37,521
Total comprehensive income attributable to the non-controlling interests	88,908	16,080
Total comprehensive income for the year	296,359	53,601
Dividends paid to non-controlling interests	-	-
Cash flows from discontinued operation		
Net cash provided by/(used in) from operating activities	208,844	(115,483)
Net cash provided by from investing activities	24,457	16,645
Net cash (used in)/provided by from financing activities	(133,953)	28,323
Net cash and cash equivalents	99,348	(70,515)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
19 Financial asset				
<i>Available-for-sale investments carried at fair value - Investment in ARM Fund</i>				
Balance at 1 January	3,049	2,918	3,049	2,918
Net gain - Note 27	49	131	49	131
Balance at 31 December	3,098	3,049	3,098	3,049
<i>Financial assets carried at fair value through profit or loss (FVTPL) - Investment in Meristem Wealth Fund</i>				
Balance at 1 January	16,656	15,236	16,656	15,236
Interest income (Note 8)	1,998	1,420	1,998	1,420
Balance at 31 December	18,654	16,656	18,654	16,656

The balance in ARM Fund Management Limited represents the fair value of the portfolio held by the entity at the reporting period. The Group's portfolio with the fund managers includes equity securities and bank deposits.

The investment presents the Group with opportunity for return through dividend income, interest income and trading gains. The fair values of all equity securities are based on quoted market prices. The fund is not held for trading and accordingly has been designated as financial assets carried at fair value through profit or loss (FVTPL).

The balance in Meristem Wealth Fund Management Limited represents the fair value of the fund held by the entity at the reporting period. The Group's investment with the fund managers is basically short term call deposits and are less than 90 days maturity.

Impairment of financial assets

The available-for-sale investments above was fair valued at the end of the reporting period as it includes equity securities and bank deposits. There was no impairment (2016: nil) on the financial assets for the year under review.

NEWREST ASL NIGERIA PLC
(FORMERLY AIRLINE SERVICES & LOGISTICS PLC)
Consolidated and separate financial statements
For the year ended 31 December 2017

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
20 Inventories				
Food items	171,851	250,759	171,851	233,032
Spare parts and tools	24,320	25,229	24,320	22,261
Kitchen consumables	24,610	42,897	24,610	24,601
Alcoholic beverages	50,706	2,095	50,706	2,095
Chemicals and cleaning	35,998	32,214	35,998	26,197
Non- alcoholic beverages	4,513	3,267	4,513	1,262
Diesel and fuel	15,021	10,989	15,021	10,322
Others	5,463	4,350	5,463	1,656
RDF inventory - Finished Goods:				
Alcoholic wines & spirits	82,272	9,663	-	-
Cigarretes & tobacco	16,622	10,327	-	-
Perfumes & fragrances	19,251	15,535	-	-
Fashion accessories & textiles	21,299	9,156	-	-
	471,926	416,480	332,482	321,424

The cost of inventory recognised as an expense during the year in respect of continuing operations for the Group was N1.31 billion (2016: N1.49billion) and for the Company was N1.22 billion (2016: N1.09 billion). There are no inventories expected to be recovered after more than twelve months.

21 Trade and other receivables	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
<u>Trade receivable</u>				
Amount receivable for the sale of goods				
Third parties	589,098	408,961	559,000	382,016
Related parties (Note 34.3)	945	652,569	-	48,357
	590,043	1,061,530	559,000	430,373
Allowance for doubtful debts	(1,725)	(9,306)	(1,725)	(9,306)
	588,318	1,052,224	557,275	421,067
<u>Other receivables</u>				
Other debtors	21,027	25,659	20,159	23,042
Due from related parties (Note 34.3)	-	1,090	-	1,090
Due from subsidiaries (Note 34.4)	-	-	214,633	1,041,546
	21,027	26,749	234,792	1,065,678
Total trade and other receivables	609,345	1,078,973	792,067	1,486,745

Trade receivables

Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the Group's policy to recognise a 100% allowance on receivables that are due for over 90 days (2015:90 days) based on management judgement that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 90 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current financial position.

Credit sales are made subject to observation of all credit approval procedures.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21 Trade and other receivables (Cont'd)

The majority of the company's customers are in the aviation industry, consequently, there is a concentration of receivables within this industry, which is subject to normal credit risk.

Receivables due from 4 major (2016:3) customers individually representing more than 10% of the trade receivables balance as at year end are as analysed below:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Major customers	354,032	857,265	354,032	253,281
Others	236,011	204,265	204,968	177,092
	590,043	1,061,530	559,000	430,373

Trade receivables disclosed below include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts outstanding are still considered recoverable.

Ageing of amounts due but not impaired (trade receivables)

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
30 - 60 days	2,660	254,676	1,418	-
60 - 90 days	325	79,541	167	18,272
Above 90 days	1,321	92,996	-	-
Total	4,306	427,213	1,585	18,272

Ageing of impaired trade receivables

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
90 - 120 days	-	-	-	-
120 - 180 days	-	-	-	-
180 - 365 days	-	-	-	-
365 + days	1,725	9,306	1,725	9,306
Total	1,725	9,306	1,725	9,306

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21 Trade and other receivables (Cont'd)

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
<u>Movement in the allowance for doubtful debts</u>				
Balance at 1 January	9,306	145,577	9,306	145,577
Impairment losses recognised on receivables	-	-	-	-
Amount written off during the year as uncollectible	-	(124,127)	-	(124,127)
Amount recovered during the year	(7,581)	(12,144)	(7,581)	(12,144)
Balance at 31 December	1,725	9,306	1,725	9,306

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair values.

22 Other assets

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Advance payments for inventories	4,492	14,502	4,492	14,502
Advance payments for property, plant & equipment	-	102,269	-	-
Prepayments	163,488	130,844	163,085	111,016
	167,980	247,615	167,577	125,518
Current Portion	129,813	206,920	167,577	84,823
Non-Current Portion	38,167	40,695	-	40,695
	167,980	247,615	167,577	125,518

23 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Cash and bank balances	1,565,064	655,249	1,544,908	626,449
Commercial papers (23.1)	1,073,602	1,325,060	1,073,602	1,325,060
	2,638,666	1,980,309	2,618,510	1,951,509

23.1 Commercial papers & term deposit

Commercial papers and fixed deposits have interest rates ranging from 1.4% to 13.90% and are less than 90 days maturity period.

2017		Rate	<u>Amortised cost</u>
			N'000
Access Bank UK limited commercial papers		1.40%	1,043,002
Access Bank commercial papers		2.5%	30,600
			1,073,602
2016		Rate	<u>Amortised cost</u>
			N'000
Access Bank commercial papers		13.9%	96,553
Access Bank commercial papers		6.25%	16,007
Access Bank commercial papers		3.0%	457,500
Ecobank time deposit		13.0%	200,000
Ecobank time deposit		13.0%	200,000
Ecobank time deposit		13.0%	50,000
Ecobank time deposit		3.0%	305,000
			1,325,060

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
24 Share capital				
Authorised:				
1,000,000,000 ordinary shares of 50 kobo each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
634,000,000 ordinary shares of 50 kobo each	<u>317,000</u>	<u>317,000</u>	<u>317,000</u>	<u>317,000</u>
25 Share premium account				
Balance	<u>342,000</u>	<u>342,000</u>	<u>342,000</u>	<u>342,000</u>

The balance in the share premium account represents excess proceeds over the nominal value of shares during the private placement carried out in 2007 during which additional 114,000,000 units of 50 kobo shares were sold at N3.50k.

26 Revenue reserve (net of income tax)

	The Group	The Company
	N'000	N'000
Balance at 1 January 2016	1,409,495	1,614,456
Effects of retranslation of ASL Rwanda on consolidation (Note 26.1)	(26)	-
Net profit for the year	1,134,456	1,078,639
Dividend declared (Note 26.2)	-	-
Balance at 31 December 2016	<u>2,543,925</u>	<u>2,693,095</u>
Net profit for the year	428,361	361,175
Dividend declared (Note 26.2)	(112,218)	(112,218)
Balance at 31 December 2017	<u>2,860,068</u>	<u>2,942,052</u>

26.1 This refers to exchange differences arising from the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency.

26.2 In the year under review, a dividend of 17.70 kobo per ordinary share totalling N112.218m was declared and paid to the shareholders in respect of 2016 financial year (2016: Nil). However, the Company's Board of Directors at its meeting held on 22 March, 2018 proposed a dividend of 18 kobo per ordinary share totalling N114.12m (2016: N112.218m) subject to the approval of the shareholders at the next Annual General Meeting.

27 Investment revaluation reserve

	The Group	The Company
	N'000	N'000
Balance at 1 January 2016	1,501	1,501
Net gain arising on revaluation of AFS financial assets	131	131
Balance at 31 December 2016	<u>1,632</u>	<u>1,632</u>
Net gain arising on revaluation of AFS financial assets	49	49
Balance at 31 December 2017	<u>1,681</u>	<u>1,681</u>

The AFS financial asset reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

28 Non-controlling interests

	2017	2016
	The Group	The Group
	N'000	N'000
Balance at 1 January	28,220	8,045
Adjustment	-	1
Effects of retranslation of ASL Rwanda on consolidation	(789)	4,094
Share of profit of discontinued operation (Note 35.1)	-	16,080
Eliminated on disposal of interest in ASL Rwanda	(27,431)	-
Balance at 31 December	<u>-</u>	<u>28,220</u>

This represents the portion of the minority shareholders in the called up share capital of the subsidiary; ASL Rwanda Limited together with their share of profits or losses attributable to their proportion of the ordinary share capital.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

29 Foreign currency translation reserve

	2017	2016
	<u>The Group</u>	<u>The Group</u>
	N'000	N'000
Items that may be reclassified subsequently to profit or loss:		
Balance at 1 January	-	4,161
Exchange differences arising on translation of foreign operations (Note 29.2)	-	13,646
	-	-
Balance at 31 December	-	17,807
29.1 Foreign currency translation reserve attributable to:		
Parent	-	12,465
Non-controlling interest	-	5,342
	-	17,807
29.2 Foreign currency translation (loss)/gain attributable to:		
Parent	(3,570)	9,552
Non-controlling interest	(789)	4,094
	(4,359)	13,646

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Exchange differences previously accumulated in the foreign currency translation reserve in respect of translating the net assets of foreign operations are reclassified to profit or loss on the disposal of the foreign subsidiary.

30 Borrowings

	2017	The Group	2017	The Company
	N'000	2016	N'000	2016
		N'000		N'000
Borrowings at amortised cost				
Bank loans (Note 30.1)	-	2,021,969	-	838,120
Current	-	518,067	-	304,771
Non - current	-	1,503,902	-	533,349
30.1 Bank Loans				
Principal (Note 30.2)	-	2,021,969	-	838,120
	-	2,021,969	-	838,120
30.2 Details of the principal loan above are as follows:				
	2017	The Group	2017	The Company
	N'000	2016	N'000	2016
		N'000		N'000
Access Bank Plc (Note 30.5)	-	-	-	-
Access Bank Plc (Note 30.6)	-	-	-	-
Ecobank Ltd. (Note 30.7)	-	838,120	-	838,120
Access Bank Rwanda Limited, Rwanda (Note 30.8)	-	1,183,849	-	-
	-	2,021,969	-	838,120
30.3 Bank Loans (Principal)				
Balance at 1 January	2,021,969	1,320,482	838,120	1,320,482
Additional loan (Note 30.4)	-	1,216,445	-	-
Restatement of loan (Note 30.9)	83	642,337	83	640,957
Loan repayments	(838,203)	(1,157,295)	(838,203)	(1,123,319)
Eliminated on disposal of subsidiary	(1,183,849)	-	-	-
Balance at 31 December	-	2,021,969	-	838,120

30.4 The loan stated above was obtained from Access Bank Rwanda Limited, but eliminated in current year on disposal of interest in Newrest ASL Rwanda.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

30 Borrowings Cont'd)

The following are the details of the borrowings:

30.5 The term loan was obtained from Access Bank Plc, Nigeria. The terms of the loan are as specified below:

Date of initial drawdown	16th August, 2013
Principal	\$3,400,000
Interest rate	7%
Moratorium period	First 12 months of initial drawdown. Moratorium period applies to only principal repayment.
Principal repayment	20 equal quarterly instalments beginning from 16th November, 2014.

However, the Company in November, 2016 decided to liquidate the outstanding and subsequently repaid Access Bank Plc.

30.6 The term loan was obtained from Access Bank Plc, Nigeria. The terms of the loan are as specified below:

Date of initial drawdown	4th February, 2015
Principal	\$500,000
Interest rate	8.50%
Moratorium period	No moratorium.
Principal repayment	20 equal quarterly instalments beginning from 4th May, 2015.

However, the Company in November, 2016 decided to liquidate the outstanding and subsequently repaid Access Bank Plc.

30.7 The term loan was obtained from Ecobank Ltd., Nigeria. The terms of the loan is specified below:

Date of initial drawdown	8th October, 2013
Facility line	\$5,000,000
Principal drawdown	\$4,977,612
Interest rate	6%+Libor
Moratorium period	First 12 months of initial drawdown. Moratorium period applies to only principal repayment.
Principal repayment	60 monthly repayments beginning from 28th October, 2014.

However, with effect from September 15 2016, the interest rate on the outstanding loan payable was increased to 16%+libor. In addition, the outstanding was fully repaid to Ecobank Ltd. in July 2017.

30.8 The term loan was obtained from Access Bank Rwanda, Rwanda. The terms of the loan is specified below:

Date of initial drawdown	30th October, 2016
Facility line	\$4,000,000
Principal drawdown	\$4,000,000
Interest rate	7%
Moratorium period	No moratorium.
Principal repayment	60 monthly repayments beginning from 30th November, 2016.

The weighted average interest rates paid during the year were as follows:
Bank loans: 12% per annum (2016: 12% per annum)

The term loan obtained in 2016 was secured by a pledge over ASL Rwanda Limited EPZE's leasehold building, plant and machinery and motor vehicles as well as Corporate Guarantee of Newrest ASL Nigeria Plc (see note 16). The facility is also secured with domiciliation of business proceeds from ASL Rwanda in the bank.

All other facilities are secured by a negative pledge on Newrest ASL Nigeria Plc and domiciliation of sales proceeds from specified customers in the bank.

30.9 As a result of the frequent fluctuations of Naira and Rwanda Franc exchange rates to US Dollars in (2016), the entire term loans denominated in US Dollars were revalued at the prevailing official rates accordingly.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 Trade and other payables

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Trade payables	223,187	167,691	215,613	98,032
Other payables				
Amount due to related companies (Note 34.2)	42,423	48,452	42,423	48,452
Other creditors	114,480	86,175	94,596	68,104
PAYE	45,162	29,140	43,528	29,140
Accruals	528,841	510,760	512,545	445,454
Provisions	458,992	346,505	443,309	341,605
Unclaimed dividend	14,560	15,236	14,560	15,236
Due to subsidiaries (Note 34.5)	-	-	10,000	-
Total other payables	1,204,458	1,036,268	1,160,961	947,991
Trade and other payables	1,427,645	1,203,959	1,376,574	1,046,023

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. For most suppliers no interest is charged on the trade payables.

The directors consider that the carrying amount of trade payables approximates to their fair values.

32 Retirement benefit obligations

Summary of retirement benefit obligations	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Staff pension fund (Note 32.1)	9,838	14,040	6,856	11,512
Staff exit scheme (Note 32.2)	493	493	493	493
Discontinued gratuity scheme (Note 32.3)	1,481	1,481	1,481	1,481
	11,812	16,014	8,830	13,486

32.1 Staff pension fund

The Group operates a defined contribution pension scheme for all employees except expatriates. The assets of the schemes are held separately from those of the group and are managed by Pension Fund Administrators. The scheme, which is funded by contributions from employees (8%) and the Group (10%) of basic salary, housing and transport allowances, is consistent with the provisions of the Pension Reform Act, 2014.

The total cost charged to income of N35.06m (2016:N37.1m) represents contributions payable to the schemes by the Group at rates specified in the rules of the plans.

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Staff pension fund				
Balance at 1 January	14,040	13,414	11,512	10,648
Employer's contribution (Note 12a)	35,056	37,100	34,226	36,371
Employees' contribution	35,569	37,416	34,905	37,155
Remitted during the year	(74,827)	(73,890)	(73,787)	(72,662)
Balance at 31 December	9,838	14,040	6,856	11,512

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

32.2 Staff exit scheme

The Group reached an agreement with the Staff Union on May 28, 2013 to discontinue the "Exit scheme" which came into force in August 2009 when it discontinued its gratuity scheme. Under the scheme, the Company contributes 6 % of the gross salary of all staff on monthly basis. The exit scheme which was funded by a dedicated current account balance in a commercial bank was used to pay off beneficiaries.

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Staff exit scheme				
Balance at 1 January	493	493	493	493
Provision for the year	-	-	-	-
Remitted during the year	-	-	-	-
Balance at 31 December	<u>493</u>	<u>493</u>	<u>493</u>	<u>493</u>

The only obligation of the group with respect to the retirement benefit scheme is to make the specified contributions.

32.3 Discontinued gratuity scheme

The Company, before the discontinuation of gratuity scheme, made provision annually towards employees' gratuities based on current emoluments of the Nigerian staff. In 2009, management decided to discontinue the gratuity scheme therefore full provision was made for employee's gratuity benefit up to 31 July 2009.

The following shows movement in the account:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Discontinued gratuity scheme				
Balance at 31 December	<u>1,481</u>	<u>1,481</u>	<u>1,481</u>	<u>1,481</u>

33 Notes to the cash flows statement

Reconciliation of profit/(loss) to net cash generated for/(used in) operating activities

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Profit for the year	<u>428,361</u>	<u>1,152,140</u>	<u>361,175</u>	<u>1,078,639</u>

Adjustments to reconcile profit for the year to net cash generated from/(used in) operating activities:

Add back:

Income tax expense recognised in profit or loss	5,339			
Effects of exchange rates changes	(20,742)	277,786	83	640,957
Depreciation of property, plant and equipment	207,273	428,785	205,304	264,801
Impairment on investment in subsidiary	-	-	27,888	-
Loss/(gain) on disposal of property, plant and equipment	22,446	3,658	19,583	-
Derecognition of tangible assets	-	-	-	-
Amortisation of intangible assets	1,704	83	1,704	83
Finance costs	-	185,239	-	65,155
Investment income	(46,910)	(31,059)	(45,915)	(31,059)
Transfer of tangible assets from subsidiary	-	-	(297)	(3,346)
Transaction costs	(55,772)	-	(55,772)	-
Loss/(gain) on disposal of subsidiary	165,766	-	(43,178)	-
Tax paid	(529)	(250)	-	-
	<u>278,575</u>	<u>864,242</u>	<u>109,400</u>	<u>936,591</u>

Changes in working capital:

Increase in inventories	(55,446)	(155,383)	(11,058)	(91,572)
Decrease/(increase) in trade and other receivables	469,628	(370,088)	698,960	506,566
Decrease/(increase) in other assets	79,635	(59,127)	(44,057)	29,860
Increase in financial assets	(1,998)	(1,420)	(1,998)	(1,420)
Increase in trade and other payables	219,404	23,529	326,269	34,053
(Decrease)/Increase in retirement benefit obligations	(4,202)	626	(4,656)	864
Increase in investment in subsidiary	-	-	(10,000)	-
	<u>708,945</u>	<u>(560,442)</u>	<u>955,458</u>	<u>479,771</u>
Net cash generated from operating activities	<u>1,415,881</u>	<u>1,455,940</u>	<u>1,426,033</u>	<u>2,495,000</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34 Related party information

Balances and transactions between the company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its other related parties are disclosed below.

Services rendered/trading transactions

The company carried out transactions with the below 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.

Catering Security

Checkpoint Security Nigeria Limited is an aviation security service company which provides Newrest ASL Nigeria Plc with catering security personnel. Richard Akerele is one of the directors of the Checkpoint Security Nigeria Limited as well as chairman of Newrest ASL Nigeria Plc.

Consultancy Services, Management and Trademark Fees

The company has a consultancy agreement with Newrest Group International for the provision of technical and commercial know-how. The terms of the agreement specify a payment to the Consultant of a monthly Fee based on time-costs of actual man-hours spent by the Consultant's personnel (net of VAT, taxes and any other taxes). The Fees include the costs and expenses incurred by the Consultant in connection with the provision of the Services and a profit mark-up equal to five percent 5% of the previous amount. The Fees are subject to Personal Income Tax. The balance on the account represents total indebtedness to Newrest, payable in Euro using CBN rate ruling as at 31 December 2016.

In addition, the company has trademark and management services with the Newrest Group International for the use of Newrest trademark and provision of management know-how and expertise. The terms of the agreement specify a fee of 2% and 1.9% of the Company monthly turnover for the trademark and management services respectively.

The Co-Chief Executive Officers of Newrest Group; Olivier Sadran and Jonathan Stent-Torriani are on the company's board of directors. The balance on the account represents total indebtedness to Newrest, payable in Euro using interbank rate.

First Street Limited

The Group through one of its subsidiaries; Newrest ASL Oil & Gas Logistics Limited provides meals to the company which operates a lounge service at Murtala Muhammed International Airport, Lagos. Richard Akerele is a director of the company as well as a chairman of Newrest ASL Nigeria Plc.

Rwandair

The Group in its ordinary course of business provides catering and related services to Rwandair both in Lagos, Nigeria and Kigali, Rwanda. However, the Group sold its 70% stakes in ASL Rwanda Limited (EPZE) on 20 July, 2017.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Group has made a provision of nil (2016: N0.858m) for doubtful debts in respect of the amounts owed by related parties.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34.1 Services rendered/trading transactions	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Checkport Security	22,680	27,668	22,680	27,668
Newrest Group International S.A.S.				-
Consultancy fees	97,952	112,238	97,952	112,238
Trademark fees	73,360	37,504	73,360	37,504
Management fees	73,035	35,942	73,035	35,942
Rwandair	-	137,484	-	137,484
First Street Limited	1,938	228	-	-
	268,965	351,064	267,027	350,836
34.2 Balance due to related parties:	The Group		The Company	
	Amount owed to related parties	Amount owed to related parties	Amount owed to related parties	Amount owed to related parties
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Checkport Security	3,780	5,671	3,780	5,671
Newrest Group International S.A.S.	38,643	42,781	38,643	42,781
	42,423	48,452	42,423	48,452
34.3 Balance due from related parties	The Group		The Company	
	Amount owed by related parties	Amount owed by related parties	Amount owed by related parties	Amount owed by related parties
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Rwandair	-	652,341	-	48,357
First Street Limited	945	228	-	-
	945	652,569	-	48,357
Newrest - Peru	-	1,090	-	1,090
	945	653,659	-	49,447
34.4 Balance due from related parties (subsidiaries)	The Group		The Company	
	Amount due from related parties	Amount due from related parties	Amount due from related parties	Amount due from related parties
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Reacon Duty Free Limited	-	-	120,027	72,467
ASL Rwanda Limited (EPZE)	-	-	-	849,554
Newrest ASL Oil & Gas Logistics Limited	-	-	94,606	119,525
	-	-	214,633	1,041,546
34.5 Balance due to related parties (subsidiaries)	The Group		The Company	
	Amount due to related parties	Amount due to related parties	Amount due to related parties	Amount due to related parties
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Newrest ASL Catering Limited	-	-	10,000	-
	-	-	10,000	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34.6 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors is also provided.

	2017 N'000	The Group 2016 N'000	2017 N'000	The Company 2016 N'000
Post-employment benefits	-	-	-	-
Directors' emoluments				
Chairman's fee	66,085	56,023	64,085	54,023
Non-Executive Directors fees	12,000	12,000	10,000	10,000
Executive Directors' emoluments	77,319	42,653	77,319	42,653
	<u>155,404</u>	<u>110,676</u>	<u>151,404</u>	<u>106,676</u>

The number of Directors excluding the Chairman whose emoluments were within the following ranges

N	2017 Number	The Group 2016 Number	2017 Number	The Company 2016 Number
Less than 1,000,000	-	-	-	-
1,000,001- 5,000,000	5	6	5	6
5,000,001 - 10,000,000	-	-	-	-
10,000,001- 20,000,000	-	-	-	-
Above 20,000,000	2	2	2	2
	<u>7</u>	<u>8</u>	<u>7</u>	<u>8</u>
Number of directors who had no emoluments	-	-	-	-

The highest paid director received N77.32m (2016: N54m).

In addition, the emoluments of the current Chief Executive Director included in the amount stated above also form part of the fees payable or paid to the Newrest Group (see note 34.1).

Loans and other transactions in favour of directors and officers

The company did not guarantee any loan in favour of its Directors and Officers.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35 Discontinued operations

35.1 Disposal of ASL Rwanda catering unit

On 20 July 2017, the Company entered into a sale agreement to dispose of its interest in ASL Rwanda Limited which carried out inflight catering services out of Kigali, Rwanda. The control of ASL Rwanda Limited subsequently passed to the acquirer. The Board of Directors in the meeting held on 21 March 2017 approved this sale of ASL Rwanda to Rwand Air Limited. The Board also issued a public notice on 18 May 2017 where it was stated that the Board of Directors of the Company at its meeting of June 9, 2016 had authorised the Chairman of the Board, Richard Akerele and a Director, Labi Ogunbiyi, in consultation with other Board members, to continue negotiations with prospective investor(s) on the Company sale of shares. This public notice also served an invitation to Rwand Air, which has a right of first refusal in line with clause 11.2 of the Shareholders Agreement dated April 25, 2013.

Analysis of profit for the period from discontinued operations

The results of the discontinued operations included in the profit for the period are set out below. However, the comparative profit from discontinued operations have not been re-presented to include those operations classified as discontinued in the current period.

	Group	
	For the period ended 20-Jul-17 N'000	For the year ended 2016 N'000
Profit for the year from discontinued operations		
Revenue	1,144,178	1,254,947
Cost of sales	(313,017)	(358,630)
	831,161	896,317
Other gain/loss	(14,045)	(121,322)
Expenses	(421,741)	(601,310)
Finance cost	(99,016)	(120,084)
Profit before tax	296,359	53,601
Profit for the year from discontinued operations:	296,359	53,601
Attributable to owners of the Company	207,451	37,521
Non-controlling interest (Note 28)	88,908	16,080
35.2 Gain/loss on discontinued operations		Company 2017 N'000
Sales proceeds		152,500
Net assets disposed/cost of investment		(53,550)
		98,950
Less: transaction cost		(55,772)
Gain on discontinued operations		43,178

NEWREST ASL NIGERIA PLC
(FORMERLY AIRLINE SERVICES & LOGISTICS PLC)
Consolidated and separate financial statements
For the year ended 31 December 2017

35.3 Disposal of a subsidiary

On 20th July 2017, the Group disposed of ASL Rwanda EPZE which carried out inflight catering services in Kigali, Rwanda

35.4 Consideration received

	N'000
Consideration received in cash and cash equivalents	152,500
Total consideration received	152,500

35.5 Analysis of assets & liabilities of discontinued operation

	For the period ended 20/07/17
	N'000
Current assets:	
Cash & cash equivalents	112,293
Trade & other receivables	1,073,470
Inventories	45,824
Total current assets	1,231,587
Non-current assets:	
Property, Plant & Equipment	1,335,754
Current liabilities:	
Payables	1,098,793
Borrowings	221,238
Total current liabilities:	1,320,031
Non- current liabilities:	
Borrowings	859,611
Net assets disposed of	387,699

35.6 Loss on discontinued operations

	N'000
Consideration received in cash and cash equivalents	152,500
Net assets disposed of	(387,699)
Non- Controlling interests	116,310
Cumulative translation adjustment on disposal of subsidiary	8,895
Loss on disposal of discontinued operations	(108,265)
Less: Transaction cost	(55,772)
Net loss on discontinued operations	(165,766)

35.7 Net Cash inflow on discontinued operations

Consideration received in cash and cash equivalents	152,500
---	----------------

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36 Financial instruments

36.1 Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt which includes the bank loans and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The Group's risk management committee reviews the capital structure periodically. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group's policy is to keep its gearing ratio at a minimum, this is reflected in the current gearing ratio of 0% (2016: 63%) (see below)

Gearing ratio

The gearing ratio at year end is as follows:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Debt	-	2,021,969	-	838,120
Equity	3,520,749	3,217,022	3,630,621	3,353,727
Debt to equity ratio	-	63%	-	25%

Debt is defined as current and non-current term borrowing. Equity includes all capital and reserves of the Company that are managed as capital.

36.2 Categories of financial instruments

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Financial assets				
Cash and bank balances	2,638,666	1,980,309	2,618,510	1,951,509
Trade and other receivables	609,345	1,078,973	792,067	1,486,745
Available-for-sale financial assets	3,098	3,049	3,098	3,049
Financial assets (FVTPL)	18,654	16,656	18,654	16,656
	3,269,763	3,078,987	3,432,329	3,457,959
Financial liabilities at amortised cost				
Borrowings	-	2,021,969	-	838,120
Trade and other payables	1,427,645	1,203,959	1,376,574	1,046,023
	1,427,645	3,225,928	1,376,574	1,884,143

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.3 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to US dollar, pound sterling and euro.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Us Dollars				
<u>Assets</u>				
Cash balances	4,671	12,336	4,406	7,146
Bank balances	2,512,289	1,302,031	2,508,472	1,298,862
Trade receivables	565,740	1,030,761	548,438	407,698
	3,082,700	2,345,128	3,061,316	1,713,706
<u>Liabilities</u>				
Trade payables	16,628	12,907	16,628	12,907
Borrowings	-	2,021,969	-	838,120
	16,628	2,034,876	16,628	851,027
Pounds sterling				
<u>Assets</u>				
Cash balances	196	292	96	258
Bank balances	5,962	2,392	5,699	2,116
Trade receivables	-	-	-	-
	6,158	2,684	5,795	2,374
<u>Liabilities</u>				
Trade payables	4,168	1,148	4,168	1,148
Borrowings	-	-	-	-
	4,168	1,148	4,168	1,148
Euro				
<u>Assets</u>				
Cash balances	2,303	542	2,259	411
Bank balances	2,915	3,548	2,497	3,479
Trade receivables	-	-	-	-
	5,218	4,090	4,756	3,890
Trade payables	89,646	68,595	89,646	69,595
Borrowings	-	-	-	-
	89,646	68,595	89,646	69,595

36.4 Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 15% per cent increase and decrease in naira against the relevant foreign currencies. Management believes that a 15% movement in either direction is reasonably possible at the reporting date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% per cent change in foreign currency rates. A positive number below indicates an increase in profit where naira strengthens 15% against the relevant currency. For a 15% weakening of naira against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.4 Foreign currency sensitivity analysis (Cont'd)

	2017			2016		
	Us Dollar N'000	The Group Pounds N'000	Euro N'000	Us Dollar N'000	The Group Pounds N'000	Euro N'000
<i>Naira strengthens by 15%</i>	459,911	299	(12,664)	456,703	244	(12,734)
Profit or loss						
<i>Naira weakens by 15%</i>	(459,911)	(299)	12,664	(456,703)	(244)	12,734
Profit or loss						
<i>Naira strengthens by 5%</i>	15,513	77	(3,225)	43,134	61	(3,285)
Profit or loss						
<i>Naira weakens by 5%</i>	(15,513)	(77)	3,225	(43,134)	(61)	3,285
Profit or loss						

The Group's sensitivity to US dollar is more than other currencies principally because of USD denominated term loans obtained from Access Bank Plc and Ecobank Plc.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.5 Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its investing activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial institutions.

36.6 Interest rate risk management

The Group is exposed to interest rate risk because the parent Company borrows funds at both fixed and floating interest rates tied to money market conditions. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

36.7 Trade receivables

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entities. The Group has adopted a policy of only dealing with creditworthy counterparties and each customer's account is managed by the business units subject to the Group's established policy, procedures and control relating to customer credit risk management. A customer care representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. Impairment assessment is done at each reporting date on an individual basis for all customers, the calculation is based on actual data.

About 60% (2016:81%) of the trade receivables are due from single customers that individually account for 10% of net trade receivables (refer to note 21), the Group evaluates the concentration of risk with respect to trade receivables as its customers are diverse though within the same industry. The requirement for an impairment is analysed at each reporting date on an individual basis for all customers.

36.8 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Chief Finance officer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Trade and other receivables	609,345	1,078,973	792,067	1,486,745
Cash & cash equivalents	2,638,665	1,980,309	2,618,510	1,951,509
	3,248,011	3,059,282	3,410,577	3,438,254

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.9 Liquidity risk management

The Group monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. It also ensures that short term funds are used strictly for working capital purposes while capital projects are funded from long tenored borrowings. Access to sources of funding is sufficiently available. The Group's financial liabilities are its trade and other payables and bank borrowings.

36.10 Maturity analysis of financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

	0-3 months N'000	1-3 months N'000	4 -6 months N'000	7-12 months N'000	12 months and above N'000	Total N'000
Principal 2017						
Trade and other payables	1,427,645	-	-	-	-	1,427,645
Term loans	-	-	-	-	-	-
	<u>1,427,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,427,645</u>
Principal 2016						
Trade and other payables	1,203,959	-	-	-	-	1,203,959
Term loans	-	129,516	129,516	259,034	1,503,902	2,021,968
	<u>1,203,959</u>	<u>129,516</u>	<u>129,516</u>	<u>259,034</u>	<u>1,503,902</u>	<u>3,225,927</u>

The Company

	0-3 months N'000	1-3 months N'000	4 -6 months N'000	7-12 months N'000	12 months and above N'000	Total N'000
Principal 2017						
Trade and other payables	1,376,574	-	-	-	-	1,376,574
Term loans	-	-	-	-	-	-
	<u>1,376,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376,574</u>
Principal 2016						
Trade and other payables	1,046,023	-	-	-	-	1,046,023
Term loans	-	76,192	76,192	152,387	533,349	838,120
	<u>1,046,023</u>	<u>76,192</u>	<u>76,192</u>	<u>152,387</u>	<u>533,349</u>	<u>1,884,143</u>

The Group had no overdraft facility in 2017 (2016: Nil). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

37 Operating Lease Arrangement

The Group as lessee

Leasing arrangements

The previous lease arrangement which expired on 2nd April, 2012 has been renewed for another 25 years. The title to the leased land at all-time remains with the Lessor who also specifies that the Leased land shall be used for catering purposes only during the lease period.

The Company shall pay to the lessor a concession fee of 5% starting April 1, 2013 of its gross annual turnover.

Secondly, in respect of the unit in Abuja, the company secured a new operating lease agreement with the Federal Airports Authority of Nigeria. The lease term is for initial 30 years with an option for renewal. The title to the leased land at all-time remains with the Lessor who also specifies that the leased land shall be used for catering purposes only during the lease period.

The Company shall pay to the lessor a concession fee of 5% of its gross annual turnover on inflight catering and lounges.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

37 Operating Lease Arrangement (Cont'd)

Payments recognised as an expense

	The Group		The Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Minimum lease payments	53,492	67,289	53,492	67,289
Contingent rentals	158,906	161,644	158,906	161,644
	<u>212,398</u>	<u>228,933</u>	<u>212,398</u>	<u>228,933</u>
<u>Non-cancellable operating lease commitments</u>				
Not later than 1 year	53,492	55,136	53,492	55,136
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	<u>53,492</u>	<u>55,136</u>	<u>53,492</u>	<u>55,136</u>

38 Contingent liability

The Group, in its ordinary course of business, is presently involved in two lawsuits as a defendant and the sums claimed against the Group in the lawsuit are circa N1.11 billion and N3.5 million respectively.

The Company's litigation lawyers are of the view that no liability is expected to arise from the pending case against the Company, as judgment had been delivered on October 31, 2013 in favour of the Company and the court had dismissed the claims of the Claimant. Although the Claimant appealed the judgement of the trial court, she is yet to compile and transmit records to the Court of Appeal. The Company has therefore applied to have the appeal dismissed for want of diligent prosecution.

On the second lawsuit, the Company's litigation lawyers are of the opinion that the suit will be in favour of the Company, as the processes of the Claimant has been reviewed and found to be porous to sustain any claims against the Company.

The Directors of the Company are of the opinion that the above disputes are unlikely to have a material adverse effect on the operations of the Company.

The Group's litigators are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

39 Events after the reporting period

The Directors are of the opinion that there were no significant events after the reporting period which would have had any material effect on the accounts on that date, which have not been adequately provided for or disclosed in the financial statements.

40 Commitments for expenditure

Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's state of affairs have been taken into consideration in the preparation of the financial statements.

Capital commitments

There were no capital commitments as at 31 December 2017.

CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED

	The Group				The Company			
	2017		2016		2017		2016	
	N'000	%	N'000	%	N'000	%	N'000	%
Turnover	3,920,293		5,072,346		3,693,037		3,686,650	
Interest income	46,910		31,059		45,915		31,059	
Other operating income	308,660		221,391		337,562		281,439	
Other gain & loss	88,806		800,235		88,075		919,820	
	<u>4,364,670</u>		<u>6,125,031</u>		<u>4,164,590</u>		<u>4,918,968</u>	
Bought in materials and services:								
Imported	(1,169,832)		(1,280,339)		(1,113,816)		(1,019,010)	
Local	(1,754,749)		(1,915,440)		(1,698,613)		(1,574,697)	
	<u>1,440,089</u>	<u>100</u>	<u>2,929,252</u>	<u>100</u>	<u>1,352,161</u>	<u>100</u>	<u>2,325,262</u>	<u>100</u>
Value added								
Applied as follows:								
To pay employees:								
Staff cost	797,412	56	1,163,005	40	783,978	58	916,584	39
To pay Government:								
Income tax and education tax	7,697	-	566	-	-	-	-	-
To pay providers of capital								
Interest and similar charges	-	-	185,239	6	-	-	65,155	3
To provide for replacement of assets and expansion								
Depreciation	207,273	14	428,785	15	205,304	15	264,801	11
Amortisation of intangible assets	1,704	-	83	-	1,704	-	83	-
Deferred tax	(2,358)	-	1,038	-	-	-	-	-
Profit for the year	<u>4 28,361</u>	<u>30</u>	<u>1,150,536</u>	<u>39</u>	<u>361,175</u>	<u>27</u>	<u>1,078,639</u>	<u>46</u>
	<u>1,440,089</u>	<u>100</u>	<u>2,929,252</u>	<u>100</u>	<u>1,352,161</u>	<u>100</u>	<u>2,325,262</u>	<u>100</u>

Value added represents the additional wealth which the group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, capital providers and that retained for the future creation of more wealth.

FIVE YEAR FINANCIAL SUMMARY

(a) Group

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Assets					
Property, plant and equipment	1,050,395	2,739,169	2,680,356	2,701,174	1,317,542
Intangible assets	5,672	5,653	-	10,677	31,665
Financial asset	3,098	3,049	2,917	3,121	2,954
Other asset	38,167	40,695	24,562	67,235	19,627
Other receivable	-	-	5,882	24,286	21,060
Deferred tax asset	2,181	-	861	1,086	-
Net current assets	2,421,236	1,960,755	346,398	562,887	1,364,375
Total assets less current liabilities	3,520,749	4,749,321	3,060,975	3,370,466	2,757,223
Deferred tax liabilities	-	(177)	-	-	(32)
Long term liabilities	-	(1,503,902)	(980,021)	(1,037,352)	(604,188)
	3,520,749	3,245,242	2,080,954	2,333,114	2,153,003
Capital and reserves					
Share capital	317,000	317,000	317,000	317,000	317,000
Share premium	342,000	342,000	342,000	342,000	342,000
Revenue reserve	2,860,068	2,543,925	1,409,495	1,569,028	1,504,253
Investment revaluation reserve	1,681	1,632	1,501	1,705	1,538
Non-controlling interest	-	28,220	8,045	30,751	(11,788)
Foreign currency translation reserve	-	12,465	2,913	72,630	-
	3,520,749	3,245,242	2,080,954	2,333,114	2,153,003
Shareholders' funds					
	3,520,749	3,245,242	2,080,954	2,333,114	2,153,003
Statement of profit or loss					
Turnover	3,920,293	5,072,346	4,550,904	3,554,803	3,501,260
Profit/(loss) before taxation	433,700	1,152,140	(56,823)	171,128	90,796
Taxation	(5,339)	(1,604)	(437)	826	(407)
Profit/(loss) after taxation	428,360	1,150,536	(57,260)	171,954	90,389
Per 50k share data (kobo):					
Numbers of ordinary shares in issue ('000 units)	634,000	634,000	634,000	634,000	634,000
Earnings – Basic (Kobo)	68	179	(10)	28	23
Net assets (Kobo)	555	512	328	368	340

Notes:

- Earnings per share are based on profit (loss) after tax and the number of issued and fully paid ordinary shares at the end of each financial year.
- Net assets per share are based on net assets and issued and fully paid ordinary shares at the end of each financial year.

FIVE YEAR FINANCIAL SUMMARY

(b) The Company

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Assets					
Property, plant and equipment	1,035,065	1,254,352	1,475,281	1,627,136	1,036,015
Intangible assets	5,672	5,653	-	10,677	31,665
Investment in subsidiary	15,012	86,450	86,450	86,450	82,040
Financial asset	3,098	3,049	2,917	3,121	2,954
Other assets	38,167	40,695	17,548	66,145	11,005
Net current assets	2,505,719	2,496,877	1,672,781	1,676,847	1,702,388
Total assets less current liabilities	3,602,733	3,887,076	3,254,978	3,470,376	2,866,067
Long term liabilities	-	(533,349)	(980,021)	(1,037,352)	(604,188)
	3,602,733	3,353,727	2,274,957	2,433,024	2,261,879
Capital and reserves					
Share capital	317,000	317,000	317,000	317,000	317,000
Share premium	342,000	342,000	342,000	342,000	342,000
Revenue reserve	2,942,052	2,693,095	1,614,456	1,772,319	1,601,341
Investment revaluation reserve	1,681	1,632	1,501	1,705	1,538
	3,602,733	3,353,727	2,274,957	2,433,024	2,261,879
Shareholders' funds					
Profit or loss					
Turnover	3,693,037	3,686,650	3,596,942	3,232,552	3,368,023
Profit/(loss) before and after taxation	361,175	1,078,639	(62,763)	247,058	239,846
Per 50k share data (kobo):					
Numbers of ordinary shares in issue ('000 units)	634,000	634,000	634,000	634,000	634,000
Earnings – Basic (Kobo)	57	170	(10)	39	38
Net assets (Kobo)	568	529	359	384	357

Notes:

- Earnings per share are based on profit (loss) after tax and the number of issued and fully paid ordinary shares at the end of each financial year.
- Net assets per share are based on net assets and issued and fully paid ordinary shares at the end of each financial year.