National AIRPORTS Corporation Limited

2011/2012 ANNUAL REPORT

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Financial Year ended 31 March, 2012

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2012 K Million	2011 K Million	% Variation
Turnover	132,152	112,480	17%
Other Income	7,061	6,935	2%
Finance Charges	4,225	2,206	92%
Loss before tax	(4,826)	(2,440)	(98)
Profit before tax	6,971	(20,892)	250%
Cash and Cash Equivalents	5,759	7,768	(26%)
Asset Capitalisation	22,783	31,129	(27%)
Total Assets	506,335	491,652	3%

TRAFFIC HIGHLIGHTS

	2012	2011	% Variation
Total Passenger Numbers	1,252,531	1,113,529	12%
Domestic	233,734	193,056	21%
International	1,018,797	920,473	11%
Paying Passengers	521,469	532,071	(2%)
Domestic	107,450	81,897	31%
International	414,019	450,174	(8%)
Total Aircraft Movements	77,707	70,695	10%

BOARD CHAIRPERSON'S
Statement

The financial year ended 31 March 2012, continued to be a challenging year for the Corporation and the aviation industry as a whole due to the global economic crunch. Due to the industry's big exposure to international travel by tourists the European sovereign debt crisis had a profound effect on international air travel world wide. Many industry players especially airlines had disappointing results.

Despite the above, I am happy to report that for National Airports Corporation Limited, year on year operating turnover increased by K20 billion recording a profit of K6.9 billion. This is after taking into account the full provision of K10billion owed by a local airline which suspended operations.

These results above were attained with the following background:

1. External Environment

Global and Domestic Economy 2012

The global economy recorded a growth of 4% by the end of March 2012,a reduction against a growth of 5.1% in March 2011. The sovereign debt crisis in some euro zone countries and weak consumer demand in the United States of America contributed to the low growth.

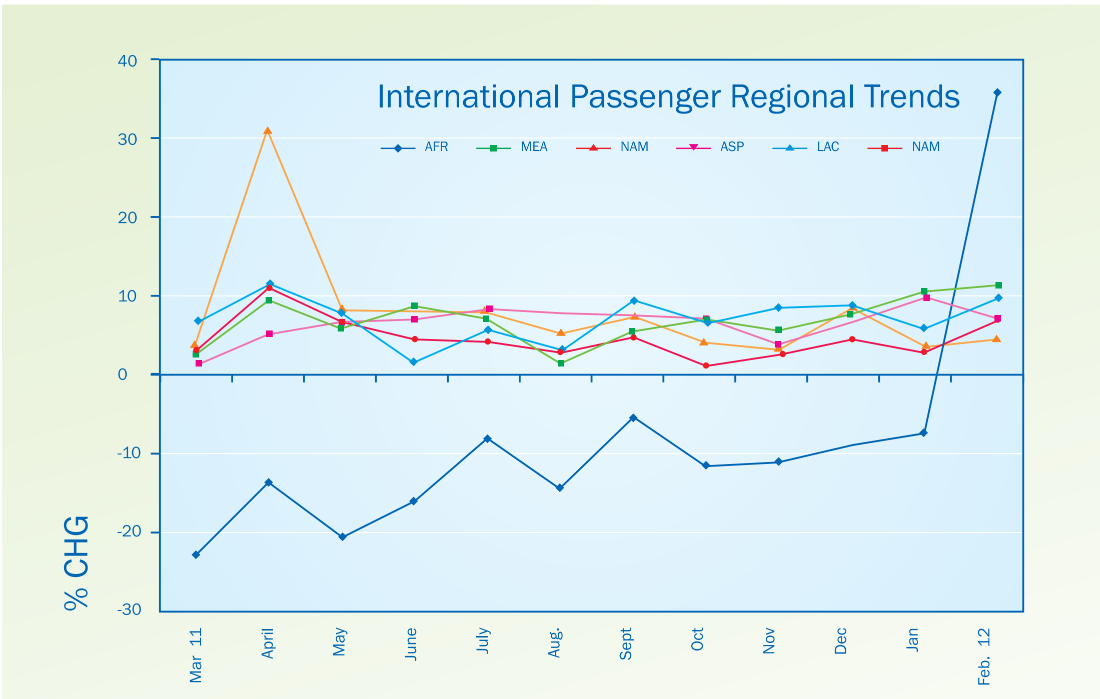
The Zambian economy continued to record positive growth and closed the year with growth of 6.5% which was in line with the target growth of 6.4%. This growth in the economy was largely attributed to the agriculture, manufacturing, construction, transport and communication sectors. The annual inflation rate remained within single digits at 9% in 2012.

The exchange rate against major currencies exhibited resilience and traded at K5.23 to the United States Dollar as at March 2012. The high copper earnings of USD8.4 Billion contributed to the increase in gross international reserves of USD2.6Billion representing a 4.3% of import cover..

Review of the World Economy in 2012

In 2012 the world economy dropped to 3.2% (2011, 3.9%) as activities in China slowed down due to tightening of credit conditions as well as weaker external demand. However, emerging and developing economies performed well with a 5.2% growth in Sub-Saharan Africa. In contrast to this growth, advanced economies continued to be sluggish at 1.6% largely on account of unsustainable sovereign debts in some Euro Zone countries and weak demand in the United States of America.

Africa's performance



The high commodity prices during the year contributed to the inflationary pressures in the world.

Review of the Domestic Economy in 2012 | Economic Performance

Economic Performance	Target	Actual	Target	Actual
Real GDP Growth	6.5%	6.8%	7%	7.3%
Inflation Rate	7%	7.2%	7%	7%

External Sector Development

The current account surplus rose by 54.7% from US$614.7 Million in 2011 to US$951.0 Million in 2012 . This growth is largely attributable to copper export earnings of US$ 8.4 Billion , an increase from US$5.8 Billion in the previous year. Non- traditional exports grew from US$1.6Billion in 2011 to US$2.5 Billion in 2012. Gross international reserves rose to US$2.6 Billion as at 31 March 2012 representing 4.3 months of import cover.

The exchange rate of the Kwacha against major currencies exhibited resilience. There was marginal depreciation of 15% from K4,790 from March 2011 to K5,525 in March 2012.

Budget Performance in 2012

The performance of the national budget in 2012 was satisfactory with year end national revenue expected to be above targeted levels. The real GDP growth for 2012 was projected at 7.2% which is higher than the growth that was forecast due to better than targeted performance in the mining sector. Growth was driven by agriculture, manufacturing, electricity, energy, water and construction sectors. Domestic revenue stood at K19.268Bn compared to K18.886Bn in 2011

The Kwacha continued to show exchange rate stability against major currencies. The average exchange rate remained in the range of K5,300.

Export Earnings from Non-Traditional Exports (NTEs) were projected to rise by over 50% to US$2.5billion in 2012 from US$1.6billion 2011. This is due to higher exports of maize, electricity, cotton, fresh flowers, barley tobacco and gemstone.

2. INTERNAL ENVIRONMENT

2.1 Tourism

There has been a relatively strong growth and recovery from the depression during the 2009 economic meltdown in the year under review. The Corporation recorded increases in passengers terminating at Kenneth Kaunda International Airport, Simon Mwansa Kapwepwe International Airport and Mfuwe International Airport. We had challenges in passenger numbers at Harry Mwaanga Nkumbula International Airport due to the classification of Zambia as a yellow fever risk area. Tourists who wanted to see the Victoria falls opted to go to Victoria Falls Town in Zimbabwe were there was no requirement for yellow fever vaccination.

2.2 HIV/AIDS

The Corporation continued to provide support for the HIV/AIDS policy and Voluntary Medical Scheme (VMS). We have seen marked improvement in the reduction of cases of absenteeism, sickness and deaths due to AIDS related conditions. Management has continued to strive to achieve its goal of maintaining a healthy workforce.

Unfortunately, at the year end, the number of voluntary registered members contributing to the VMS dropped from 514 to 463 as at March 2012.

2.3 Corporate Performance

The Corporation's revenue base grew by 17% in the year ending March 2012 compared to the previous year 2011. This revenue recorded in the year March 2012 was mainly emanating from an increase in security fees as well as Common Use Terminal Equipment (CUTE) and Common Use Self-service Systems (CUSS) which was introduced towards the end of 2011. Generally the performance of the Corporation was better than the previous year despite the global low growth rate recorded in the aviation sector.

	2012	10/11 International	
INCOME			
Airport Services	119, 257	98, 423	
Air Navigation Services	12, 894	14, 057	
TOTAL	**132, 151**	**112, 480**	
EXPENSES	**145, 006**	**125,552**	
PROFIT (LOSS) AFTER TAX	**6, 971**	**(20, 829)**	

3. MAJOR PROJECTS

The Corporation's major project was the construction of the new international terminal building at Harry Mwaanga Nkumbula International Airport and the procurement of capital equipment for the new terminal building.

4. STAFF HEAD COUNT

The Corporation deployed optimum numbers at the designated airports in its effort to fulfill its vision and mission statements.

The head count strength for the year ending March 2012 was six hundred and ninety one (691) against approved establishment of seven hundred and forty (740). A total number of twenty one (21) new employees were recruited to maintain optimum staffing levels in critical areas of company operations. Seven (7) employees were recruited on permanent and pensionable terms and fourteen (14) employees on Fixed Term Contract basis.

5. CORPORATE GOVERNANCE

During the year under review the Corporation held four main board meetings as scheduled. The Appointments and Staff Matters Committee held three scheduled meetings. The Finance Committee held two scheduled meetings while the Audit, Risk and Compliance Committee had three meetings. The projects and Business Development Committee had three scheduled meetings.

During the year under review, the Corporation had a Board of Directors chaired by Ms Mubanga Musakanya, the other members were Ms Kutemba Konga, Mr. Lazarous Chota, Mr Martin Simwaka, Mr Francis Kamanga and Managing Director Mr. Robinson Misitala.

6. CORPORATE SOCIAL RESPONSIBILITY

At National Airports Corporation Limited, we place Corporate Social Responsibility as part of our management strategy and will remain part of our business for many years to come. We remain committed and focused to improving education at all levels as well as carrying out other activities for the benefit of the Communities around us.

The Corporation has supported community programmes such as community based radio stations, traditional ceremonies, donated materials to schools and institutions dealing with vulnerable people in society.

We recognize that it is our responsibility, to help enrich our community. We understand the importance of Corporate Social Responsibility (CSR) and strive to invest our resources and efforts in innovative programs that benefit society, our community and the corporation.

7. SPORT

The Corporation encourages it's members of staff to engage in various sports disciplines as a way of keeping healthy. However, due to limited resources the Corporation only fully sponsored the Mfuwe football team, Madalas football, Netball and Darts teams in Lusaka

8. FUTURE FOCUS

In line with the Corporation vision and mission, the Corporation will continue to focus its attention on the infrastructure upgrade and improve safety and security at all the four airports. Despite the financial resources constraint the Corporation would like to construct a modern terminal building at Simon Mwansa Kapwepwe International airport. The Corporation also intends to invest in modern ground handling equipment to position itself for new business.

8.1 New Route Developments Business

During this financial year, we saw the highest level of new business in terms of new operators and additional schedules by already-existing operators. This was a positive development as it gives additional capacity to increase passenger numbers in and out of Zambia. The following were the notable introductions:

- South African Airlink - 2 weekly flights; Mpumalanga to Harry Mwaanga Nkumbula (new route)
- Kenya Airways - 3 weekly flights; Nairobi to Simon Mwansa Kapwepwe International Airport via Lubumbashi(new route)
- Air Namibia - 3 weekly flights; Windhoek to Kenneth Kaunda International Airport via Johannesburg.(new airline)
- 1Time Airlines - 4 weekly flights Johannesburg to Harry Mwaanga Nkumbula International Airport.(new airline)

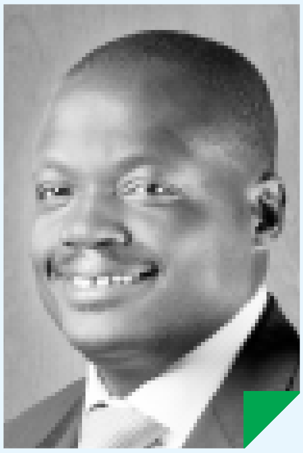
Further, intents to start operations into Zambia were received from the following operators:

- Egypt Air (Cairo – Kenneth Kaunda International Airport)
- Air Botswana (Gaborone – Kenneth Kaunda International Airport via Kasane)

8.2 Passenger Traffic

The total passenger traffic for the financial year under review and for the two preceding years is summarised below:

YEAR	DESCRIPTION	NUMBERS	GROWTH
2010/11	Domestic Passengers	193,056	**13.94%**
2010/11	International Passengers	920,473	**19.07%**
2010/11	**Total Passengers**	1,113,529	**18.14%**
2010/11	Domestic Passengers	233,734	**21.07%**
2010/11	International Passengers	1,018,797	**10.68%**
2010/11	**Total Passengers**	1,252,531	**12.48%**



Managing Director's **Report**

1. PRINCIPAL ACTIVITIES

The Corporation is responsible for the development, maintenance and management of the four designated international airports, namely, Kenneth Kaunda International (Lusaka), Harry Mwanga Nkumbula (Livingstone), Simon Mwansa Kapwepwe (Ndola), and Mfuwe and the provision of air navigation services throughout Zambia.

The corporation operates through three divisions, Airport Services, Air Navigation Services and Head Office.

2. AIRPORT SERVICES DIVISION

2.1 Function

The responsibilities of the Airport Services Division are as follows:

2.1.1 Sales and Marketing of the airport facilities and service and business development to enhance revenue generation through aviation and non-aviation activities.
2.1.2 Airport Safety, Security and Environment
2.1.3 Ground Handling Services
2.1.4 Fire and Rescue Services
2.1.5 Infrastructure Development and Maintenance

The division's income is broken down into aeronautical and non-aeronautical revenue

2.2 Aeronautical Revenue

Aeronautical revenue is broken down as follows:

2.2.1 Passenger Service Charge
2.2.2 Landing
2.2.3 Parking
2.2.4 Ground Handling Services, and
2.2.5 Equipment Hire

2.3 Non-Aeronautical Revenue

The following activities encompass non aeronautical revenue:

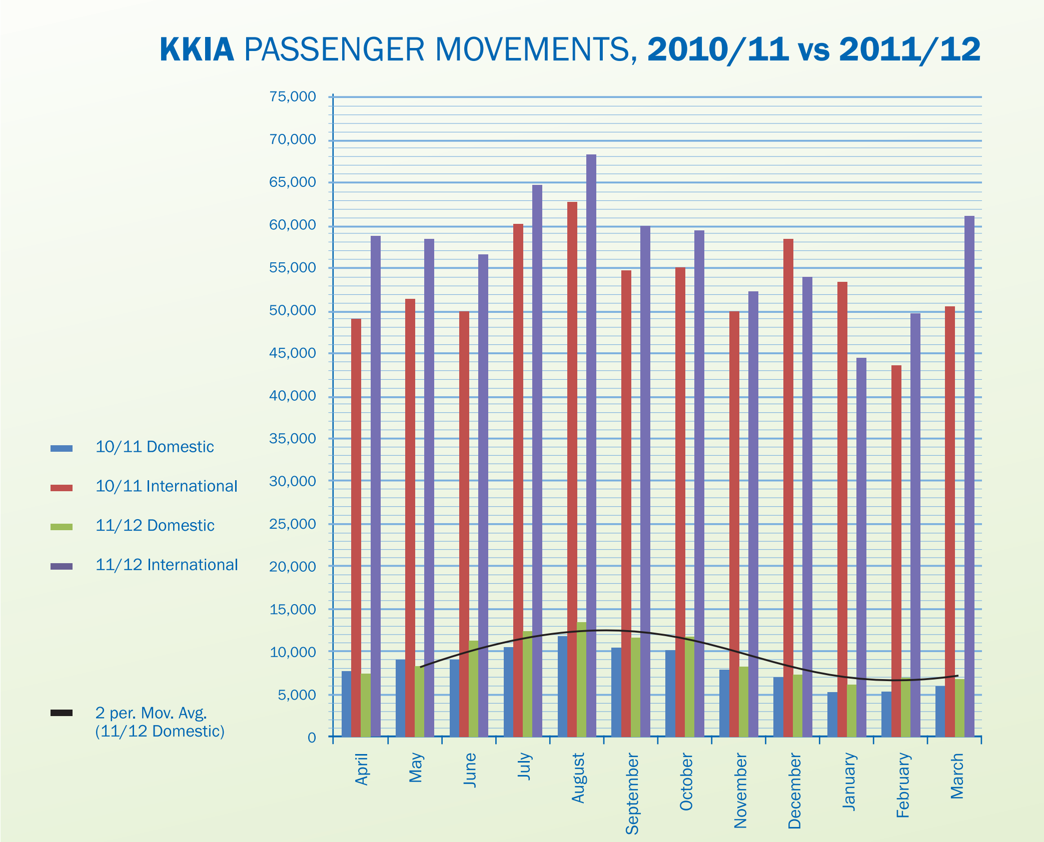
2.3.1 Restaurants/Duty Free shops
2.3.2 Advertisements
2.3.3 Rentals and concessions of different accommodation such as offices, warehouses and cell sites.
2.3.3 Short and long-term parking.

3. BUSINESS ENVIRONMENT

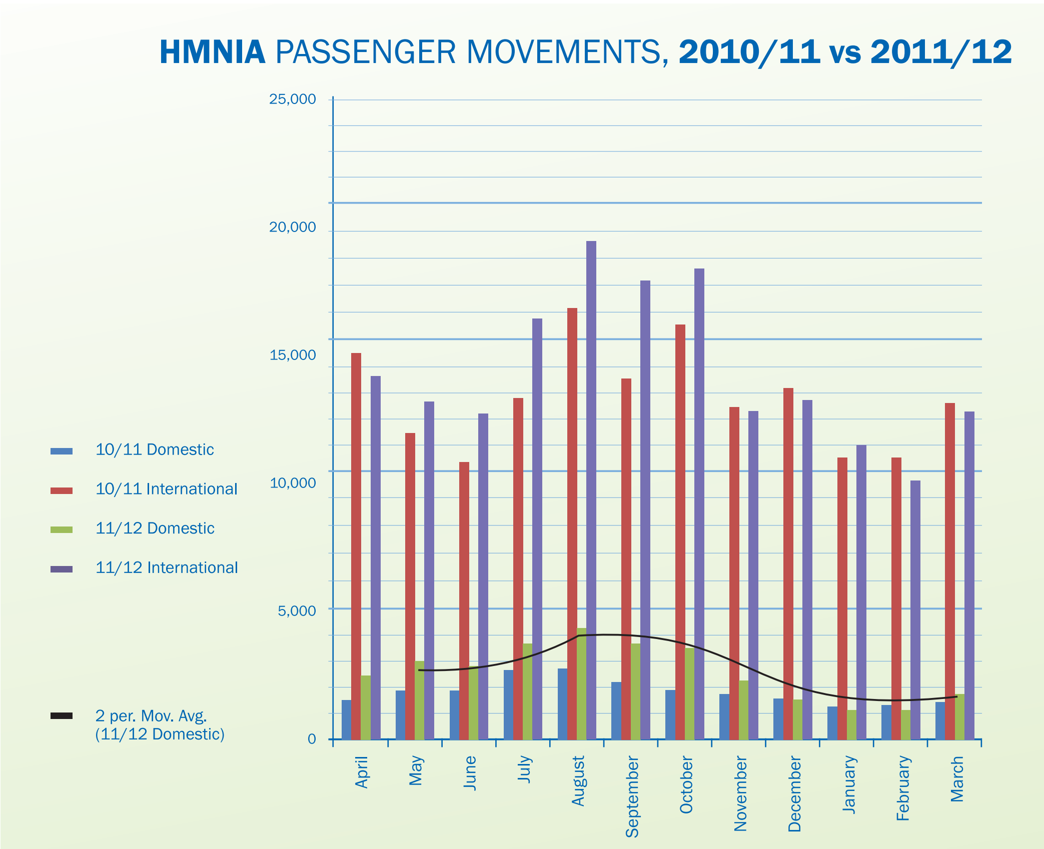
The Corporation's main income contributor remains to be Passenger Service Charge which accounts for over 50% of total revenues.

The main factors for revenue generation are passenger movements and aircraft movements. These are easily affected by external economic factors in the world economy.

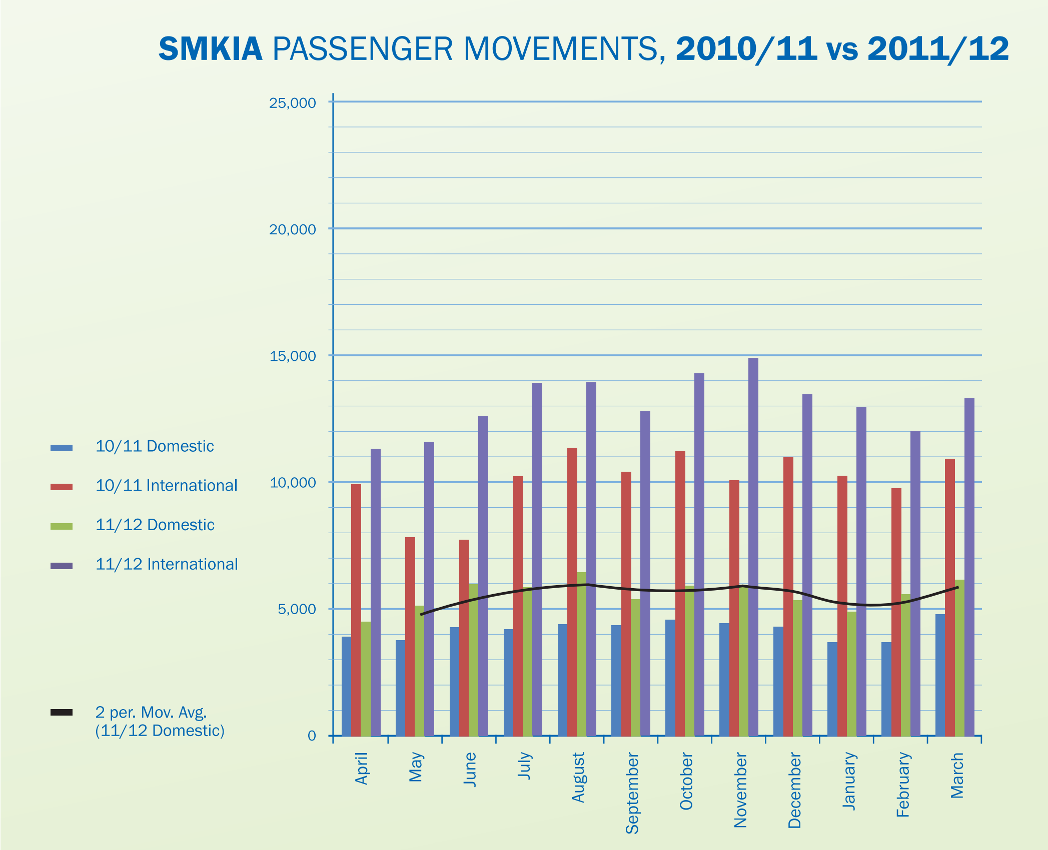
3.1 Kenneth Kaunda International Airport (KKIA)



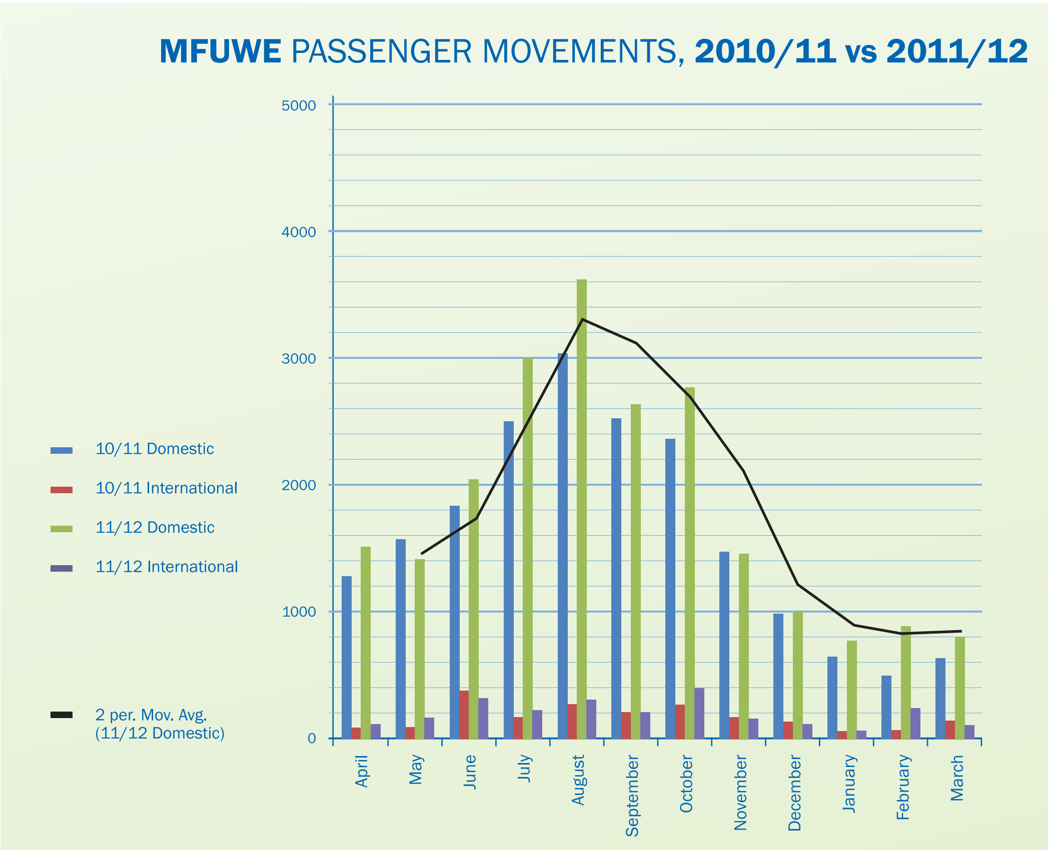
3.2 Harry Mwaanga Nkumbula International Airport (HMNIA)



3.3 Simon Mwansa Kapwepwe International Airport (SMKIA)



3.4 Mfuwe International Airport



3.5 Scheduled Airlines

In the year under review the Airports were serviced by the following airlines

INTERNATIONAL	LUSAKA	LIVINGSTONE	NDOLA	MFUWE
SOUTH AFRICA AIRWAYS	✓	✓	✓	–
KENYA AIRWAYS	✓	–	✓	–
SOUTH AFRICAN AIRLINK	✓	✓	✓	–
BA-COMAIR	–	✓	–	–
ZAMBEZI AIRLINES	✓	✓	–	–
ETHIOPIAN AIRLINES	✓	–	✓	–
BRITISH AIRWAYS	✓	–	–	–
AIR ZIMBABWE	✓	–	–	–
AIR MALAWI	✓	–	–	–
ANGOLA AIRLINES	✓	–	–	–
AIR NAMIBIA	✓	–	–	–
1 TIME AIRLINE	–	✓	–	–

DOMESTIC	LUSAKA	LIVINGSTONE	NDOLA	MFUWE
PROFLIGHT	✓	✓	✓	✓
+ STARAVIA	–	–	–	–
+ AVOCET	–	–	–	–
+ SEFOFANE	–	–	–	–
+ STAR OF AFRICA	–	–	–	–
+ ZAMFARI *	–	–	–	–
+ NGWAZI AIR CHARTERS	–	–	–	–

CARGO	LUSAKA	LIVINGSTONE	NDOLA	MFUWE
MK AIRLINES*	✓	–	–	–
SA CARGO	✓	–	–	–
CARGO LUX*	✓	–	–	–

* Ceased to operate during the year under review.

3.6 Airport Facilities

A. Kenneth Kaunda International Airport

ITEM	DESCRIPTION	AMOUNT (ZMK)	STATUS
1.1	Installation of standby Generator at Lusaka International Airport.	1,410,000,000.00	Work in progress
1.2	Supply & installation of medium voltage boards.	535,077,422.40	Completed
1.3	Tilling of international departure lounge.	483,161,500.00	Completed
1.4	Supply & installation of Closed Circuit TV access.	591,398,254.44	In progress
1.5	Supply of cargo high loader.	EURO300,600.00	Delivered
1.6	Remodeling of the International Departure Lounge.	1,280,000,000.00	Completed

B. Simon Mwansa Kapwepwe International Airport

ITEM	DESCRIPTION	AMOUNT (ZMK)	STATUS
2.1	Tiling of the concourse and rehabilitation of toilets.	305,792,082.46	Completed
2.2	Supply and installation of standby generator set.	114,972,888.79	Completed
2.3	Rehabilitation of repeater station & warehouses.	782,899,401.32	Completed

C. Harry Mwaanga Nkumbula International Airport

ITEM	DESCRIPTION	AMOUNT (ZMK)	STATUS
3.1	Remodeling & construction of the Air traffic Control Tower.	1,366,136,066	Work in progress
3.2	Installation of evaporating cooling system in the International Check-in-Area.	458,250,000.00	Completed (Project initiated in 2007/08 Financial Year)

D. Mfuwe International Airport

There were no capital expenditure projects undertaken.

3.7 Quality Management System

National Airports Corporation has continued its quest to enhance customer expectations through the introduction and maintenance of the Quality Management System. This exercise involves generation of documentation such as a Quality Manual, a Quality policy, Corporate Quality objectives and documentation of work procedures for staff and how the system works for all to follow.

A continuous training program for staff has been running to enhance the effectiveness of this system and ultimately increase staff awareness on the expectations of the customer on whose satisfaction the company depends.

3.8 Constraints

3.81 Infrastructure

Aged infrastructure continues to be a challenge for the Corporation. The program to modernize passenger facilities continues to be the Corporations priority. The Corporation contracted a loan from Zambia National Commercial Bank of USD7.5million to build a new terminal building at Harry Mwaanga Nkumbula International Airport. Works for the construction of the terminal building already commenced and is expected to be executed in phases.

Further, the Corporation has started looking for possible funding avenues to embark on the Kenneth Kaunda International Airport terminal and other facilities such as the runway, apron and cargo terminal just to mention a few. This is in the Corporations quest to continue in the improvement of facilities at its four designated airports.

3.8.2 Equipment

With the emergence of new ground handling companies on the market, and consequently stiffening of competition, the Corporation has recognized the need to quickly recapitalize ground handling equipment in order to remain competitive. The Corporation through this recapitalization expects to achieve the following:

- Meet increased passenger and cargo demand
- Position Kenneth Kaunda International Airport as a possible hub in the sub-region
- Increase the Corporation's market share in ground handling

4. AIR NAVIGATION SERVICES DIVISION

4.1 FUNCTIONS AND RESPONSIBILITIES

The responsibility of the Air Navigation Services Division is the provision of Air Navigation Services throughout the Zambian air space.

Key focus areas

The key focus areas in line with stakeholder expectations are therefore:

- Safety
- Capacity
- Cost effectiveness
- Efficiency
- Environmental Sustainability

Revenue

The Division earns its revenue by charging fees for the provision of air navigation services. These are international over flights and both domestic and international navigation fees.

4.2 Aircraft Movements, performance and Revenue

4.2.1 Aircraft Movements

A total of 77,707 aircraft movements were handled during the financial year under review . The total movements for the year when compared to the previous year (April 2010 to March 2011) indicate an increase from 70,695 to 77,707. This represents a growth rate of 9 %.

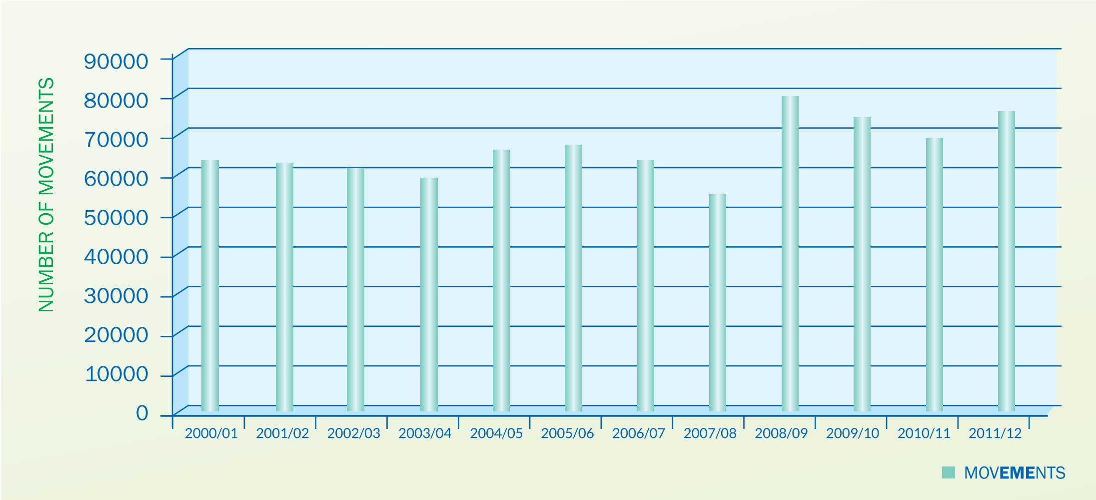
Aircraft movements were characterised by four (4) factors. These being:

- Aircraft operators changing the routing they have always used to using shorter distances/routes
- Spill over effects of the economic downturn.
- Aircraft operators change from using larger to smaller types of aircrafts.
- Some operators stopped operating their regular daily flights
- Some airline operators completely stopped over-flying the Zambian airspace.

The break down by category of aircraft movements for the period April 2011 to March 2012 when compared to the previous year (April 2010 to March 2011) is as follows:

4.3 Aircraft Movement Progression Chart

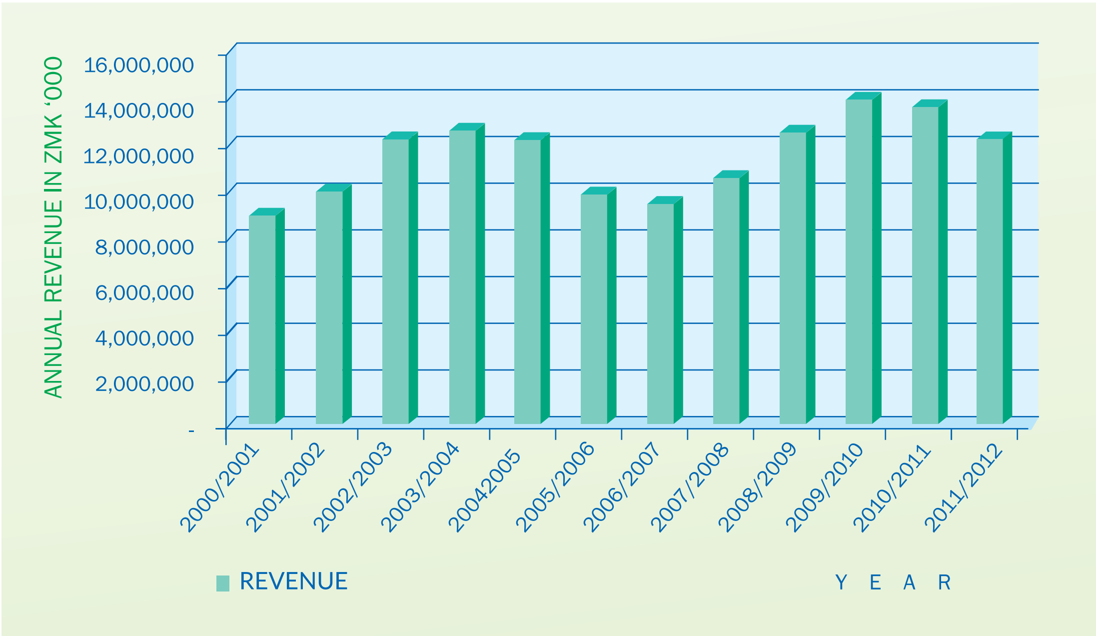
AIRCRAFT MOVEMENTS - April 2000 to MARCH 2012



The table above shows annual aircraft movements for each respective year for the period 2000 to 2012.

4.4 Revenue Progression Charts

REVENUE FROM APRIL 2000 to MARCH 2011 IN ZMK



4.5 PROJECT

In the financial year 2011/2012 the Air navigation Services Division continued to implement its Five Year Developmental Plan by initiating the following projects.

- Implemented planned software upgrades to the Aeronautical Information Management and Billing System (AIMS & BS).
- The WGS 84 is fundamental in the implementation of the Global Navigation Satellite System (GNSS), and is a prerequisite for air traffic management enhancements including the RNAV/PNP. The survey of Ndola and Mfuwe, and the conversion of en-route way points in the WGS84 was not implemented and is rescheduled to the year 2012/13.
- The phased implementation of the Local Area Networks for Ndola, and Mfuwe. is in progress and is set to continue in the year 2012/13

- Implementation of Automatic Weather Stations (AWOS) for reliable MET information to the designated airports was deferred to the year 2012/13
- The replacement of Mfuwe VHF ground to air aerodrome transmitters was completed in the year under review
- Non Directional Beacons (NDB) for Chipata, Kapiri and Mongu were procured as scheduled
- The ANS continued with skills upgrade training aimed at equipping staff with new ATM techniques

These projects commenced in the year under review and are in various stages of implementation as stated above. The delay in completion of some projects was affected by cash constraints due to a number of competing needs.

5. CORPORATE FINANCIAL RESULTS

5.1 Revenue

Revenue for the year has improved compared to the previous period. The paying passenger numbers increased by 4% compared to the year end 2011. The average exchange rate increase by 5% contributing to an increase in revenue as 80% of revenue is USD denominated. Non – aeronautical revenue increased by 10 % mainly due to the K4.4 Billion capital grant amortisation resulting from the capitalisation of the EU/GRZ funded Livingstone Airport development.

Table 1 – Revenue by income Type

AIRPORT SERVICES	2012 KM	2011 KM	%
Passenger Service Charge	53,748,184	47,996,918	12
Landing Fees	15,313,122	14,103,292	9
Ground Handling Fees	22,314,641	19,550,797	14
Aviation Security	9,941,859	2,016,370	393
Aircraft Parking	2,482,210	2,819,905	(12)
Cute and Cuss	1,951,767	-	100
Other	13,506,073	11,936,220	13
Total	**119,257,856**	**98,423,502**	**21**
AIR NAVIGATION			
Over flights	9,219,160	10,613,635	-13
Navigation fees	3,675,611	3,443,647	7
Others	-	-	0
Total	**12,894,771**	**14,057,282**	**-8**
Grand Total	**132,152,627**	**112,480,784**	**17**
Average exchange rate	**4,949**	**4,769**	**4**
Year End rates	**5,250**	**4,800**	**9**

Table 2 – Expenses

EXPENSES	2012 KM	2011 KM	%
Personnel	74,345,362	65,530,893	13
Depreciation	21,244,964	23,194,550	-8
Finance costs	4,225,603	2,206,446	92
Other costs	45,190,260	34,625,630	31
TOTAL	**145,006,189**	**125,557,519**	**15**
Profit before Tax and exchange gain/(loss)	(5,783,414)	(6,066,455)	-5
Tax	11,797,862	(18,388,862)	36
Exchange gain/(loss)	956,600	3,626,093	-74
Profit after Tax and exchange gain/(loss)	6,971,048	(20,829,224)	66

5.2 Expenditure

The total expenditure rose by15% mainly due to an increase in finance costs relating to an additional loan from ZANACO towards the construction of the new terminal building at Harry Mwaanga Nkumbula International airport.

Turnover by Airport

Airport Services	2012 KM	2011 KM	%
Lusaka	84,475,304	75,626,663	12
Ndola	16,847,699	12,853,227	31
Livingstone	22,540,051	15,025,515	50
Mfuwe	1,721,235	1,140,084	51
Air Navigation income	**13,638,486**	**14,801,375**	**-8**
Exchange gain	**956,600**	**3,626,093**	**-74**
	140,179,375	123,072,957	14

5.3 The loss before tax of K4.8Billion recorded is mainly as a result of the full provision that was made on local outing bad debt of K8.8 Billion

6. HUMAN RESOURCES

HUMAN RESOURCES REPORT FOR PERIOD ENDED MARCH 2012

The Human Resources Department provided effective HR consultancy and support services to the Corporation through HR best practices.

6.1 Staff Head Count

The Corporation deployed optimum numbers at the designated airports in its effort to fulfil its vision and mission statements.

The head count strength for the period year ending 31 March 2012 was six hundred and ninety one (691) against approved establishment of seven hundred and forty (740). The staff strength is as distributed below. A total number of twenty one (21) new employees were recruited to maintain optimum staffing levels in critical areas of company operations. Seven (7) employees were recruited on permanent and pensionable terms and fourteen (14) employees on Fixed Term Contract basis.

DIVISION	H/O	LIA	NDL	L/STONE	MF	P/A	TOTAL	EST
MD's office	11	0	0	0	0	0	11	12
Finance	10	0	3	3	1	0	17	18
APS	11	282	79	91	20	0	488	529
ANS	8	63	13	16	10	12	117	135
HR	14	9	2	1	3	0	29	31
Legal	18	2	4	4	1	0	29	31
TOTAL	72	356	101	115	35	12	691	740

6.2 Labour Turnover

The Corporation recorded forty four (44) separations which included twenty (20) resignations, two (2) terminations, fifteen (15) retirements and seven (7) deaths.

6.3 Training and Development

In an effort to maintain a skilled, competent and motivated workforce that would ensure provision of high quality service to the customers, the Corporation continued to focus on staff training and development as a key priority. The Corporation trained a total of 560 employees both local and abroad in the following areas of its operations:

No. of	No. of program	Participants
Technical	00	00
Operational	47	453
Management	04	107
HIV/AIDS	00	00
QMS	00	00

6.4 Organisation Review and Job Evaluation Exercise

Management continued to implement the recommendations of the Organisation Review and Job Evaluation Exercise conducted in 2008 in a phased approach in particular the grading and salary structure.

6.5 Management/Staff Consultative Meetings

During the period under review, management continued to foster dialogue with employee representatives and middle management staff in order to promote rapport, good working relationship and employee participation in decision making of the Corporation.

6.6 HIV/AIDS

The Corporation continued to provide support for the HIV/AIDS policy and Voluntary Medical Scheme (VMS) that was launched on 4th April 2003 with marked improvement in reduction of cases of absenteeism, sickness and deaths due to AIDS related conditions.

Counsellors and Peer Educators mounted information Kiosks at the designated Airports for on-site HIV testing and to sensitize and educate staff, airport community and passengers on HIV/AIDS.

6.7 NACL Pension Schemes

Management commenced the process to transfer the accrued benefits under the restructured in-house non-contributory Pension Scheme to the two fund managers; Madison Life Insurance Company Zambia Limited and Zambia State Insurance Corporation Life Limited.

6.8 Labour Day

National Airports Corporation Limited joined the rest of the world in commemorating the Labour Day. In appreciation for the dedicated long service rendered to the Corporation, One Hundred Sixty Seven (167) employees who had clocked twenty two years and Twenty Nine (29) employees who had clocked ten years unbroken service were awarded Long Service Certificates.

7.0 THE BOARD AND MANAGEMENT

7.1 Board of Directors

Directors and Secretary who served on the Board during the year were:

- Ms Mubanga Musakanya - **Chairperson**
- Mr Robinson Misitala - **Managing Director**
- Mr Emmanuel Ngulube - **Member**
- Mrs Lillian Kapulu - **Member**
- Ms Kutemba Konga - **Member**
- Mr Dominic Sichinga - **Member**
- Mr Martin Simwaka - **Member**
- Mr Steve Selenge - **Member**
- Mr Kaongo Musonda - **Secretary**

7.2 Board and Management

Ms Mubanga Musakanya
Chairperson

Mr Kaongo Musonda
Corporation Secretary

Mrs Lillian Kapulu
Member

Mr Dominic Sichinga
Member

Ms Kutemba Konga
Member

Mr Steven Selenge
Member

Mr Martin Simwaka
Member

Mr Robinson Misitala
Managing Director

7.3 Management

During the year, management consisted of the following:-

Mr Robinson Misitala
Managing Director

Mr Frank Chinambu
Dir. Air Navigation Services

Mr Prince Chintimbwe
Director Airport Services

Mr Tapiwa Chikumbu
Finance Director

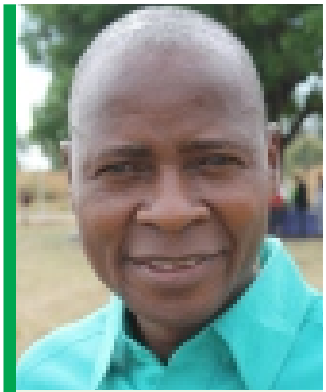
Mr Gilford Malenji
Director Human Resources

Mr Kaongo Musonda
Corporation Secretary

7.4 Management

During the year, Airport Managers were as follows:

Mr Fridah M. Mulenga
Airport Manager
Lusaka International Airport



Mr Boniface Zulu
Airport Manager
Mfuwe International Airport

Mr Joseph Mumbi
Airport Manager
Livingstone International Airport

Mr Vivian M. Sikanyela
Airport Manager
Ndola International Airport

FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

The directors submit their report and audited financial statements for the year ended 31 March 2012.

1. Status of the Corporation

The Corporation commenced its operations on 11 September 1989 and operates under the supervision of The Ministry of Finance and National Planning and functionally under the Ministry of Works Transport and Communication.

2. Principal activities

The Corporation's principal activity is the provision of airport facilities and services at the designated international airports, namely Kenneth Kaunda, Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula and Mfuwe as well as air navigation services throughout Zambia.

3. Share capital

The Corporation's authorised share capital comprises 16,458,500,000 (2011 - 16,458,500,000) ordinary shares of K1 each and the issued and fully paid up capital is made up of 16,458,500,000 (2011 - 16,458,500,000) ordinary shares of K1 each.

4. Results

The Corporation's results are as follows:

	2012	**2011**
	K'000	**K'000**
Turnover	132,152,627	112,480,784
(Loss)/profit before taxation	(4,826,814)	(2,440,362)
Income tax expense	11,797,862	(18,388,862)
(Loss)/profit for the year	6,971,048	(20,829,224)

The Corporation achieved turnover of K132 billion during the year compared to K112 billion for the previous year. Operating costs during the year amounted to K144 billion (2011 – K125 billion) resulting in a loss before taxation of K4.827 billion (2011 loss – K2.440 billion) after taking into account other income and other charges.

5. Dividends

Due to the operating loss being reported, the directors do not recommend a dividend for the year ended 31 March 2012 (2011 – K nil).

6. Directors and secretary

The directors and secretary who served during the year were:

Mrs Mubanga Musakanya - **Chairperson**
Mr R Misitala - **Managing Director**
Mr E Ngulube - **Member**
Mrs Lillian Kapulu - **Member**
Ms Kutemba Konga - **Member**
Mr Dominic Sichinga - **Member**
Mr Martin Simwaka - **Member**
Mr Steve Selenge - **Member**

The Secretary is:

Mr K Musonda
National Airports Corporation Limited
Lusaka International Airport
P O Box 30175
LUSAKA

7. Industrial relations

The Corporation enjoyed industrial harmony throughout the year.

8. Employees

The Corporation had 595 full time employees at the year end (2011 – 627) and total salaries and wages were K54 billion for the year ended 31 March 2012 (2011 – K50 billion). The average number of employees in each month of the year was:

April 2011	**626**
May 2011	**618**
June 2011	**623**
July 2011	**621**
August 2011	**622**
September 2011	**615**
October 2011	**614**
November 2011	**609**
December 2011	**608**
January 2012	**603**
February 2012	**602**
March 2012	**595**

9. Gifts and donations

The Corporation made donations of K91 million to a number of activities (2011 – K145 million).

10. Property, plant and equipment

Additions to property, plant and equipment totalling K22 billion were made during the year (2011 – K31 billion).

11. Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Corporation's financial position or the results of its operations.

12. Annual financial statements

The annual financial statements set out on pages 7 to 34 have been approved by the directors.

13. Auditors

In accordance with the provisions of the Articles of Association of the Corporation the auditors, Messrs Grant Thornton, will retire as auditors of the Corporation at the forthcoming Annual General Meeting. A resolution for appointment of new auditors will be made at the next Annual General Meeting.

By Order of the Board

Corporation Secretary
Lusaka
Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2012

Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of National Airports Corporation Limited and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the directors are responsible for

- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Companies Act 1994. They are also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion

(a) the financial statements give a true and fair view of the financial position of National Airports Corporation Limited as at 31 March 2012, and of its financial performance and its cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the directors.

Signed in Lusaka on

Board Chairperson

Director

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATIONAL AIRPORTS CORPORATION LIMITED

We have audited the accompanying financial statements of National Airports Corporation Limited, which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 4 directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of National Airports Corporation Limited as at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements of National Airports Corporation Limited for the year ended 31 March 2012 have been properly prepared in accordance with the Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.

Chartered Accountants
Christopher Mulenga
Partner

Lusaka
Date

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 K'000	2011 K'000
Turnover	7	132,152,627	112,480,784
Expenditure			
Depreciation		(21,244,964)	(23,194,550)
Employee costs		(74,345,362)	(65,530,893)
Other operating expenses		(45,190,260)	(34,625,630)
		(8,627,959)	(10,870,289)
Other income		7,061,972	6,935,948
(Loss)/profit from operations		(1,565,987)	(3,934,341)
Net exchange gains/(losses)		956,600	3,626,093
Fair value adjustment	11	-	44,200
Finance charges		(4,225,603)	(2,206,446)
Finance income		8,176	30,132
(Loss)/profit before taxation	8	(4,826,814)	(2,440,362)
Income tax	9(a)	11,797,862	(18,388,862)
(Loss)/profit for the year		6,971,048	(20,829,224)
Other comprehensive income			
Total comprehensive income		6,971,048	(20,829,224)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Share capital K'000	Amounts received pending allotment K'000	Revaluation Reserve K'000	Accumulated Losses K'000	Total K'000
At 31 March 2010		16,458,500	13,928,678	290,338,434	(47,016,904)	273,708,708
Allotted during the year		-	-	-	-	-
Total comprehensive Income for the year		-	-	-	(20,829,331)	(20,829,224)
Transfer		-	-	(7,640,482)	7,640,482	-
At 31 March 2011		16,458,500	13,928,678	282,697,954	(60,205,753)	252,879,379
Total comprehensive		-	-			-
income Profit/(loss) for the year		-	-	-	6,971,048	6,971,048
Transfer		-	-	(7,640,480)	7,640,480	-
At 31 March 2011		16,458,500	13,928,678	282,697,953	(45,594,119)	259,850,532

STATEMENT OF FINANCIAL POSITION – 31 MARCH 2012
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 K' 000	2011 K' 000
ASSETS			
Non-current assets			
Property, plant and equipment	10	460,506,746	458,968,402
Financial assets at fair value through			
Profit and loss	11	1,248,000	1,248,000
		461,754,746	460,216,402
Current assets			
Inventories	12	1,777,233	2,126,431
Trade and other receivables	13	36,953,032	21,450,523
Held to maturity financial assets	14	90,845	90,845
Cash and cash equivalents	15	5,759,806	7,768,516
		44,580,916	31,436,315
Total assets		506,335,662	491,652,717
EQUITY AND LIABILITES			
Capital and reserves	16	16,458,500	16,458,717
Share capital		13,928,678	13,928,678
Amounts received pending allotment		275,057,473	282,697,953
Revaluation reserve		(45,594,119)	(61,565,329)
Accumulated losses		259,850,532	251,519,802
Non-current liabilities	17	78,880,737	84,109,825
Capital grants	18	38,748,035	28,481,886
Long term loans	9(e)	9,744,384	21,676,786
Deferred income tax	19	1,899,619	809,499
Obligations under finance leases	20	83,509,910	77,274,700
Deferred liability		212,782,685	212,352,696
Current liabilities			
Long term loans	18	10,188,097	7,802,400
Obligations under finance leases	19	946,013	478,800
Trade and other payables	21	18,703,906	13,212,786
Taxation payable	9(c)	134,540	2,305,765
Bank overdraft	15	129,889	380,468
Deferred liability	20	3,600,000	3,600,000
		33,702,445	27,780,219
Total equity and liabilities		506,335,662	491,652,717

The financial statements on pages 42 to 69
Were approved by the Board of Directors

And were signed on its behalf by] Managing Director

] Board Chairperson

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 K' 000	2011 K' 000
Cash inflow from operating activities		
(Loss)/profit before taxation	(4,826,814)	(2,440,362)
Interest paid	4,225,603	2,206,446
Interest received	(8,176)	2,206,446
Unrealised exchange (gain)/losses on long term loans	3,790,684	368,558
Fair value adjustment	-	(44,200)
Profit on sale of assets	120,000	-
Depreciation	21,244,964	23,194,550
Amortisation of capital grants	(5,229,089)	(5,229,089)
(Increase)/decrease in inventories	349,198	(660,091)
Increase in trade and other receivables	(15,502,509)	(953,598)
Decrease in held to maturity financial assets	-	1,222,094
Decrease/(increase) in trade and other payables	5,491,220	(5,884,885)
Increase in deferred liability	6,235,210	6,304,238
Net cash inflow from operating activities	15,649,292	18,053,529
Returns on investments and servicing of finance		
Interest received	8,176	30,132
Interest paid	(4,225,603)	(2,206,446)
Net cash outflow on returns on investments and servicing of finance	(4,217,427)	(2,176,314)
Income tax paid	(946,083)	(104,178)
Investing activities		
Purchase of property, plant and equipment	(22,783,308)	(31,129,125)
Proceeds from sale of assets	120,900	-
Net cash outflow on investing activities	(22,662,408)	(31,129,125)
Net cash flow before financing	(12,176,626)	(15,356,088)
Financing activities		
New long-term loan	18,745,952	29,683,294
Finance lease received	2,220,333	-
Finance lease repaid	(663,000)	(442,321)
Repayment of loans	(9,884,790)	(12,026,340)
Net cash inflow/(outflow) from/(on) financing activities	10,418,495	17,214,633
Increase/(decrease) in cash and cash equivalents	(1,758,131)	1,858,545
Cash and cash equivalents at beginning of the year	7,388,048	5,529,503
Cash and cash equivalents at end of the year	5,629,917	7,388,048
Represented by:		
Cash in hand and at bank	5,759,806	7,768,516
Bank overdrafts	(129,889)	(380,468)
	5,629,917	7,388,048

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. Status of the Corporation

The Corporation commenced its operations on 11 September 1989 and operates under the supervision of The Ministry of Finance and National Planning and functionally under the Ministry of Transport and Communications.

2. Principal activities

The Corporation's principal activity is the provision of airport facilities and services at the designated international airports, namely Lusaka, Ndola, Livingstone and Mfuwe as well as air navigation services throughout Zambia.

3. Basis of preparing the financial statements - going concern basis

During the year, the Corporation made a loss of K4,827 million before tax and its non current liabilities excluding capital grants increased to K134 billion from K128 billion the previous year. The Corporation meets its day to day working capital requirements before tax from its own generation of funds through the collection of various fees.

The financial statements have been prepared on a going concern basis which assumes that the Corporation will continue in operational existence for the foreseeable future.

The validity of this assumption depends on continued profitable operations.

If the Corporation were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify property, plant and equipment as current assets.

The directors have reviewed the effects of the matters mentioned above and believe that it is appropriate for the financial statements to be prepared on a going concern basis.

4. Principal accounting policies

The principal accounting policies applied by the Corporation in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historic cost convention, as modified by the revaluation of property, plant and equipment and certain financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(I) Amendments to published standards effective in 2010

The following new and revised standards and interpretations are effective for the corporation's financial statements for the financial year beginning 1 April 2010 and have been adopted by the corporation where relevant to its operations. The comparative figures have been restated as required, in accordance with the relevant requirements:

IFRS 1 (amendments)	-	Additional exemptions for first time adopters
IFRS 2 (amendments)	-	Group cash - settled share based payment transactions
IFRS 3 (revised 2008)	-	Business combinations
IAS 27 (revised 2008)	-	Consolidated and separate financial statements

(ii) Interpretations to published standards that are not yet effective and have not been adopted early for the company's operations:

The following new amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2010 or later periods but the company has not early adopted them for the company's operations:

Standard or Interpretation		**Effective for reporting periods starting on or after**
IFRS 7	Disclosures – transfers of financial assets amendments	1 July 2011
IFRS 9	Financial instruments (to replace IAS 39)	1 January 2013
	Annual improvements 2010	1 July 2010

Most of these amendments become effective for reporting periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 improvements amend certain provisions of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments.

Based on the corporation's current business model and accounting policies, management does not expect material impact on its financial statements when the standards or interpretations become effective.

(b) Revenue recognition

Revenue is recognised on an accrual basis.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the 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 Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increments in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Airport terminals, runways, taxiways and aprons	2.5%
Other leasehold buildings	2.5%
Motor vehicles, furniture and equipment	20%
Specialised plant and equipment	6.67% - 15%

Capital work in progress is not depreciated until the capital project has been completed and the assets brought into use.

Expenditure on assets under construction is initially shown as capital work in progress and transferred to the relevant class of asset when commissioned.

Borrowing costs, being interest payable on loans are added to the carrying amount of the related capital works in progress.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

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 proceeds with the carrying amount. These are included in the statement of comprehensive income in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(d) Leased assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the income statement over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each accounting period. All other leases are operating leases and the annual rentals are charged to the income statement on a straight line basis over the lease term.

Depreciation on the relevant assets is charged to the income statement over their useful lives.

(e) Financial assets

The Corporation classifies its investments into the following categories: financial assets at fair value through income, debtors and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluate this at every reporting date.

(I) Financial assets at fair value through income

This category has two sub-categories: financial assets held for trading and those designated at fair value through income at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through income at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through income.

(ii) Debtors and receivables

Debtors and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Corporation intends to sell in the short term or that it has designated as at fair value through income or available for sale. Debtors and receivables are recognised at fair value, less provision for impairment. A provision for impairment of debtors and receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to their original terms.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of debtors and receivables that the Corporation's management has the positive intention and ability to hold to maturity. These assets are recognised at fair value, less provision for impairment. A provision for impairment is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to their original terms.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Corporation has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through income are subsequently carried at fair value. Debtors and receivables and held-to-maturity financial assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through income category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains or losses on financial assets.

Interest on available-for-sale securities is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Corporation's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Corporation establishes fair value by using valuation techniques.

(f) Impairment of assets

(i) Financial assets carried at amortised cost

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Corporation about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments; it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Corporation, including:
- adverse changes in the payment status of issuers or debtors in the Corporation; or
- national or local economic conditions that correlate with defaults on the assets in the Corporation.

The Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on debtors and receivables or held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) Financial assets carried at fair value

The Corporation assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income.

(iii) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Inventories

Inventory is stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis and includes transport and handling costs. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow-moving and defective stock.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks.

(i) Borrowing costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis. Transaction costs arising on arranging a new financial liability are debited to the liability and amortised over the life of that liability. Borrowing costs are charged to the statement of comprehensive income for the year in which they are incurred.

(j) Grants

Capital grants are amortised over the life of the assets they are intended to finance. Revenue grants are credited to income in the year in which they are received.

Capital grants are deferred and credited to the statement of comprehensive income in equal annual instalments over the expected useful lives of the related assets.

(k) Short term and long term loans

Short term loans include all amounts expected to be repayable within twelve months from the reporting date, including instalments due on loans of longer duration. Long term loans represent all amounts repayable more than twelve months from the reporting date.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on the results for the year as adjusted for items which are non-assessable or disallowed for tax purposes.

Deferred taxation liabilities are recognised for all taxable temporary differences. Temporary differences can arise from the recognition for tax purposes of items of income or expense in a different accounting period from that in which they are recognised for financial accounting purposes. The tax effect of these temporary timing differences is computed by applying enacted statutory tax rates to any differences between carrying values per the financial statements and their tax base, and accounted for as deferred tax.

Deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Corporation operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Corporation's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equity at fair value through income, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in fair value reserve in equity.

(n) Employee benefits

(i) Pension obligations

The Corporation has a plan with National Pension Scheme Authority (NAPSA) where the Corporation pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(o) Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Dividend distribution

Dividend distribution to the Corporation's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Corporation's shareholders.

5. Critical accounting estimates and judgements

The Corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Corporation's accounting policies, management has made judgements in determining:

(a) the classification of financial assets
(b) whether assets are impaired
(c) estimation of the provision and accruals
(d) recoverability of trade and other receivables

6. Management of financial risk

6.1 Financial risk

The Corporation is exposed to a range of financial risks through its financial assets and financial liabilities (borrowings). The most important components of this financial risk are interest rate risk and credit risk.

These risks arise from open positions in interest rate and business environments, all of which are exposed to general and specific market movements.

The Corporation manages these positions with a framework that has been developed to monitor its customers and return on its investments.

6.1.1 Credit risk

The Corporation has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key area where the Corporation is exposed to credit risk is amounts due from customers.

The Corporation structures the levels of credit risk it accepts by placing limits on its exposure to the level of credits given to a single customer. Such risk is subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved annually by the Board of Directors.

6.1.2 Capital management

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Corporation sets the amount of capital in proportion to its overall financing structure. The Corporation manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7. Turnover

Turnover represents the invoiced value of navigation, landing, over flights, ground handling and parking fees relating to aircraft traffic, passenger service fees relating to passenger traffic, rentals and concessions relating to accommodation facilities provided at airport terminals and warehouses.

8. (Loss)/profit before taxation

	2012 K' 000	2011 K' 000
(Loss)/profit before taxation		
(Loss)/profit before taxation is stated after charging:		
Auditors' remuneration	200,000	197,000
Depreciation	21,244,964	23,194,550
Directors' fees and expenses	1,129,771	240,500
Interest paid	4,225,603	2,206,446
and after crediting:-		
Interest received	8,176	30,132

9. Income tax expense/(recoveries)

(a) Recognised in the statement of comprehensive income

	2012	2011
Income tax on normal income	-	746,757
Income tax on taxable other income	134,540	10,546
Deferred income tax	(11,932,402)	17,631,559
	(11,797,862)	18,388,862

(b) Tax reconciliation

The tax on the Corporation's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2012 K' 000	2011 K' 000
Tax at 35% on (loss)/profit before taxation	(4,826,814)	(854,127)
Tax losses from previous years	(1,689,385)	(17,769,001)
Permanent differences:		
Disallowable expenses	4,331,798	2,124,298
Profit on sale of assets	(42,315)	-
Capital grants	(1,830,181)	(1,830,181)
Items taxed separately	(134,540)	(10,546)
Dividends	(26,891)	-
Timing differences:		
Capital allowances and depreciation	3,688,284	2,878,584
Exchange (gains)/losses	934,323	(66,973)
Fair value adjustments	(22,957,651)	(15,470)
Tax loss no more available for future offset	7,742,594	17,649,855
Tax charge/(accumulated tax losses)	9,983,964	2,106,439
	-	
Items taxed separate	134,540	10,546

(c) Movement in taxation account:-

	2012 K' 000	2011 K' 000
Taxation payable/(recoverable) at beginning of year	946,083	292,958
Charge for the year (note 9(a))	134,540	2,116,985
Taxation paid	(946,083)	(104,178)
Taxation payable at end of year	134,540	2,305,765

(d) Income tax returns have been filed with the ZRA for all the years up to 31 March 2011. Quarterly tax returns for the year ended 31 March 2011 were made on the due dates during the year.

(e) Deferred income tax

Recognised deferred income tax liability

	2011 K' 000	2011 K' 000
Deferred income tax liability is attributable to the following:		
Accelerated tax allowances	20,407,654	20,407,654
Exchange gains/(losses)	1,269,132	1,269,132
Tax losses	-	-
Amount provided for	21,676,786	21,676,786

10. Property, plant and equipment

(a) Summary

	Airport Terminals, Runways, Taxiwasy And aprons K'000	Motor vehicles K'000	Equipment And Furniture K'000	Capital Work in progress K'000	Total K'000
Cost					
At 31 March 2010	409,053,711	5,717,503	124,077,000	5,647,989	544,496,203
Additions	85,518	701,982	411,791	29,929,834	31,129,125
Transfers	2,891,317	-	1,834,604	(4,725,921)	-
Disposals	-	-	-	-	-
At 31 March 2011	412,030,546	6,419,485	126,323,395	30,851,902	575,625,328
Additions	19,981	2,297,283	5,031,569	15,434,475	22,783,308
Disposals	-	(136,266)	-	-	(136,266)
Transfer	98,368	-	1,775,443	(1,873,811)	-
At 31 March 2012	412,148,896	8,580,502	133,130,407	44,412,566	598,272,370
At valuation	404,660,000	-	-	-	404,660,000
At cost	7,488,896	8,580,502	133,130,407	44,412,566	192,551,999
	412,148,896	8,580,502	133,130,407	44,412,566	598,272,370
Depreciation	20,340,323	4,650,542	68,471,511	-	93,462,376
At 31 March 2010	10,338,705	327,404	12,528,438	-	23,194,550
Charge for the year	-		-	-	-
Disposals	30,679,028	4,977,946	80,999,949	-	116,656,926
At 31 March 2011	10,301,491	998,141	10,067,520		21,367,152
Charge for the year	-	(136,266)	(122,216)	-	(258,482)
Disposals	40,980,519	5,839,821	90,945,253	-	137,765,596
At 31 March 2012					
-					
Net book value					
At 31 March 2012	371,168,376	2,740,678	42,185,126	44,412,566	460,506,746
At 31 March 2011	381,351,518	1,441,536	45,323,446	30,851,902	458,968,402

(b) The Corporation's airport terminals, runways, taxiways and aprons were revalued at 31 March 2008 by Registered Valuation Surveyors, on the basis of market value. The valuer's opinion on Market Value was primarily derived using both the depreciated replacement cost (DRC) approach, for the specialised part of the property because the specialised nature of the use means that there is no market transactions of this type of property except as part of the business or entity, and the sales comparison approach for the surplus land. Surplus on valuation and depreciation no longer required totalling K305,619.40 million was transferred to a revaluation reserve.

© The Corporation acquired certain property, plant and equipment from the Government of the Republic of Zambia, which were the assets of the Department of Civil Aviation. These financial statements include only the value of the assets transferred from the Department of Civil Aviation, which were agreed with the Government based on a valuation carried out by the Government Valuation Department and a letter from the Ministry of Communications and Transport. Title to Livingstone and Ndola Airports is in the name of National Airports Corporation Limited whilst title for Mfuwe airport has not been issued. Title to Lusaka airport is in the name of the Department of Civil Aviation.

However, title to all airports will revert to Government under the Department of Civil Aviation. This process to change ownership of title to the airports is in progress.

(d) Included in property, plant and equipment are leased motor vehicles with a net book value of K2.057Billion.

11. Financial assets at fair value through profit and loss

	2012 K' 000	2011 K' 000
ZEGA Limited. - 10% interest	**1,248,000**	**1,248,000**

(a) The financial statements include the appreciation of investment in 200,000 shares as shown below.

	2012 K' 000	2011 K' 000
ZEGA Limited		
At beginning of year	1,248,000	1,203,800
Fair value adjustment	-	44,200
At end of the year	1,248,000	1,248,000

12. Inventories

	2012 K' 000	2011 K' 000
Consumable stores	1,777,233	2,126,431

13. Trade and other receivables

	2012 K' 000	2011 K' 000
Trade debtors	64,504,015	41,682,772
Less: provision for impairment losses	(32,994,856)	(22,824,869)
	31,509,159	18,857,903
Staff loans and advances	1,770,658	1,284,771
Deposits and prepayments	3,673,215	1,307,849
	36,953,032	21,450,523

14. Held to maturity financial assets

	2012 K' 000	2011 K' 000
Finance Building Society	90,845	90,845

	2012 K' 000	2011 K' 000

15. Cash and cash equivalents

Cash in hand and at bank (note (a))	5,759,806	7,768,516
Bank overdrafts (note (b))	(129,889)	(380,468)
	5,629,917	7,388,048

a. Cash in hand and at bank		
KBC Bank NV (note (i))	3,265,839	2,959,913
Other bank balances	2,491,124	4,806,488
Cash in hand	2,843	2,115
Unremitted IATA collections	-	-
	5,579,860	7,768,516

(I). The KBC Bank NV bank account is pledged as security for the long-term loan from the bank (Note 18).

	2012 K' 000	2011 K' 000
b. Bank overdrafts		
Zambia National Commercial Bank Plc	380,468	50,357

The Corporation has an overdraft of KK270 million with Zambia National Commercial Bank Plc secured by a lien of US$60,000 over the Corporation's foreign currency accounts.

	2012 K' 000	2011 K' 000

16. Share capital

Authorised 16,458,500,000 (2010 16,458,500,000) Ordinary shares of K1 each	16,458,500	16,458,500
Issued and fully paid 16,458,500,000 (2010 16,458,500,000) Ordinary	16,458,500	16,458,500

The Government of the Republic of Zambia has agreed to convert the Belgian state to state loan of K28.9 billion (EURO 5.2 million) due from the company into share capital. As at balance sheet date K14,988,322,000 had been allotted and the balance of K13,928,678,000 as shares pending allotment.

	2012 K' 000	2011 K' 000

17. Capital grants

At beginning of the year	84,109,825	89,338,914
Amortization during the year	(5,229,088)	(5,229,089)
At the end of the year	78,880,737	84,109,825

a. Capital grants represent the balance of funds received for the improvement of airport facilities that has not been amortised.

	2012 K' 000	2011 K' 000
18. Long-term loans		
Zambia National Commercial Bank L/stone New Terminal (iii)	43,364,731	26,083,695
KBC Bank NV (note (iv))	5,571,401	10,200,591
	48,936,132	36,284,286
Portion repayable within next 12 months	10,188,097	7,802,400
Portion repayable after 12 months	38,748,035	28,481,886
	48,936,132	36,284,286

(I) This represents US$7,500,000.00 loan bearing interest at 10% and is repayable over 7 years. This loan is secured by the assignment of foreign currency receivables from IATA after KBC Bank.

(ii) This representd 6.56% on the initial amount and 5.82% on the extended amount Euro loan repayable over 12 years. The loan was secured by a pledge over the KBC Bank NV bank account and assignment of foreign currency receivables from IATA.

	2011 K' 000	2010 K' 000
19. Obligations under finance leases		
At beginning of the year	1,288,299	1,730,620
Additions during the year	2,220,333	-
Repayments during the year	(663,000)	(442,321)
At the end of the year	2,845,632	1,288,299
Repayable within next 12 months	946,013	478,800
Repayable after 12 months	1,889,619	809,499
	2,845,632	1,288,299

a. The lease was obtained from Stanbic Bank Zambia Ltd for procurement of the billing system.

	K'000	K'000
b. Repayments are due by 31 March	946,013	478,800
2012	1,899,619	809,499
2013	2,845,632	1,288,299

20. Deferred liability

Deferred liability relates to provision for terminal benefits amounting to K87.11 billion inclusive of 12% interest. In accordance with various employee agreements, certain employees are eligible to terminal benefits computed on the number of years of service and final pay when they attain the retirement age of 55 years.

	2012 K' 000	2011 K' 000
At beginning of the year	80,874,700	74,570,462
Interest	9,178,660	8,227,375
Payments	(2,943,450)	(1,923,137)
	87,109,910	80,874,700
Repayable within next 12 months	3,600,000	3,600,000
Repayable after 12 months	83,509,910	77,274,700
	87,109,910	80,874,700

The corporation on 1 April 2008 converted the unfunded defined benefit scheme to a defined contribution scheme. The liability is expected to be completely transferred to pension managers over the next 12 years and attracts interest at 12% per annum.

For the new defined contribution scheme, the corporation contributes 10% of basic salary. The total charge to income is as follows:

	2012 K' 000	2011 K' 000
Current year contribution on defined contribution scheme	3,332,410	2,152,975
Interest on discontinued defined benefit liability scheme	9,178,660	8,227,375
	12,511,070	10,380,350

21. Trade and other payables

Trade creditors	9,881,410	6,511,773
Accruals	3,020,009	1,691,920
Other creditors and provisions	5,802,477	5,006,978
	18,703,896	13,210,671

22. Financial instruments

Financial assets

The Corporation's principal financial assets are bank balances and cash, trade debtors, prepayments and other receivables. The Corporation maintains its bank accounts with major banks in Zambia of high credit standing and, by policy, limits the amount of credit exposure to any one financial institution. Trade debtors, prepayments and other receivables are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts..

Financial liabilities

The Corporation's financial liabilities are long term loans, trade and other payables. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade and other payables are stated at their nominal value. The Corporation's position with regard to various risks is as follows:

(a) **Price risk**

(i) **Currency risk**

Certain of the interest bearing borrowings are denominated in foreign currencies and therefore lead to a risk of fluctuation of value due to changes in the foreign exchange rate. This risk is partly hedged by holding United States Dollar denominated trade receivables and bank balances.

(ii) **Interest rate risk**

Financial assets are not exposed to the risk that their value will fluctuate due to changes in market interest rates. Details of the interest rates and maturity of interest bearing borrowings are disclosed in note 18.

(iii) **Market risk**

The Corporation is not exposed to the risk of the value of its financial assets fluctuating as a result of changes in market prices.

(b) **Credit risk**

The Corporation is exposed to varying degrees of credit risk, in the following significant concentration:

(i) **Trade debtors**

The directors believe the credit risk of trade debtors is medium. The credit risk is managed by selective granting of credit and credit limits.

(c) **Liquidity risk**

The Corporation may be exposed to some risk due to inability to sell certain financial assets quickly at close to their fair value.

(d) **Cash flow risk**

The Corporation may be exposed to the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. It has instruments that include a floating interest rate.

(e) **Fair values**

At the reporting date the carrying values of financial instruments reported in the financial statements approximate their fair value.

	2012 K' 000	2011 K' 000
23. Capital commitments		
Approved by the board but not contracted	-	-

24. Contingent liabilities

(a) **Pension Scheme**

Some employees are members of a contributory, defined benefit pension scheme administered on the Corporation's behalf by the Zambia State Insurance Corporation Limited (ZSIC). Payments made to the fund are based upon the funding rate recommended by the administrators. No actuarial valuation has been undertaken on the pension scheme for several years. Consequently, there may be an amount, which cannot be quantified by the directors, which would need to be provided in order to make good any possible under funding which may have occurred. New employees are not eligible to join the ZSIC defined benefit scheme.

(b) **Court cases**

Certain legal cases are pending against the corporation in the courts of law. In the opinion of the directors and corporation's lawyers, none of these cases will result in any material loss to the corporation for which a provision is required.

25. Related party transactions

	2012 K' 000	2011 K' 000
(a) Key management compensation		
Salaries and other short term employee benefits	2,427,702	2,371,640
Termination benefits	699,113	652,447
(b) Loans to directors	Nil	Nil
(c) Loans to related parties	Nil	Nil

(d) The directors are of the opinion that all these related party transactions were conducted on arms length basis and commercial terms.

26. Comparative figures

Comparative figures have been reclassified to allow for meaningful comparison.

27. Events subsequent to the reporting date

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Corporation, to affect substantially the operations of the Corporation, the results of those operations or the state of affairs of the Corporation in subsequent financial years.

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	2012 K' 000	2011 K' 000
Turnover	132,152,627	112,480,784
Other Income		
Capital grants amortised	5.229,089	5,229,089
Sundry income	1,832,883	1,706,859
	7,061,972	6,935,948
Interest income	8,176	30,132
Exchange gain (net)	956,600	3,626,093
	140,179,375	123,072,957
Less:		
Expenditure		
Depreciation	21,244,964	23,194,550
Employee costs		
Other staff costs	19,951,462	15,618,744
Salaries and wages	54,393,900	49,912,149
	74,345,362	65,530,893
Finance charges	4,225,603	2,206,446
Other operating expenses		
Advertising and Corporate Promotion	1,036,306	638,207
Audit fees external	200,000	197,000
Auditor General's expenses	-	-
Bank Charges	355,847	267,700
Bad debts proviion	10,189,383	5,555,596
Books and Periodicals	72,804	74,272
Cargo and mail	2,539,645	1,884,800
Cleaning materials	1,474,652	737,577
Consultancy	109,149	9,988
Director's fees and expenses	1,129,771	240,500
MCT/DCA expenses	135,498	161,142
Donantions	90,510	145,436
Electricity	1,231,018	1,009,909
Entertainment	80,281	110,325
Fire fighting materials (foam)	23,166	-
Hire of transport	2,805,868	2,503,764
IATA Charges	1,604,585	1,253,221
Insurance	538,006	569,489
Legal fees	410,520	46,361
Licensing	144,216	111,776
Management fees	-	375,675
MET Charges	9,721	5,530
Carried forward	24,180,946	15,898,268

	2012 K' 000	2011 K' 000
Brought forward	24,180,946	15,898,268
Motor vehicle expenses	3,441,537	2,411,797
Owners rates	783,784	912,703
Office expenses	5,972	35,112
Printing and stationary	1,994,411	1,378,637
Protective clothing	633,241	157,456
Repairs and maintenance	5,557,903	4,658,976
SITA subscription/expenses	2,649,779	1,982,975
Security expenses	607,617	439,434
Staff transfer	29,954	66,426
Sundry expenses	50,107	334,415
Telephone, telex and postage	1,422,191	1,394,575
Tender Evaluation Expenses	22,650	59,900
Travel expenses - local	1,455,293	1,619,489
Travel expenses - overseas	1,256,265	1,555,650
Tea, coffee and other	469,538	235,732
Toiletries	89,978	37,214
Uniforms	214,908	1,339,939
Aviation Security	202,480	16,300
Water	121,706	90,632
Total expenditure	45,190,260	34,625,630
Fair value adjustment	-	44,200
(Loss)/profit before taxation	(4,826,814)	(2,440,362)

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