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Our Vision

“To be the leading provider of in-flight catering services in Nigeria and beyond”

Our Mission

Airline Services & Logistics Plc is committed to being the foremost in-flight catering services provider employing modern technology and dedicated professionals to ensure that:

- a Our customers expectations are constantly exceeded
- b Our Shareholders obtain optimal returns on investment
- c We remain socially responsible to the overall development of the aviation industry.

Our Core Values

Safety

We remain always committed to ensuring that we keep our work environment, products and services safe and that we are familiar with the work plan and perform our work in a manner which will not create or leave hazards which may result in accidents involving other people. We cultivate the habit of reporting hazards, unsafe practices and accidents immediately.

Excellent Customers Service

Our customers' requirement is the cornerstone upon which we organize our resources and efforts. We pursue continuously improvement efforts aimed at satisfying our customers.

Partnership

We truly value collaboration, believing that by fusing our skills, resources and experiences, we see further, move faster, work smarter and achieve more.

Integrity

We are the same within the walls of our office as we are outside. We believe in honesty, sincerity, doing the right things and being straightforward. We apply these qualities to our process, communication and interactions.

Responsibility

We adopt an ownership approach, ensuring we take charge where necessary, see tasks through and protect the assets which are placed in our hands.

Openness

We remain always receptive to people and ideas, we do our best to keep our system transparent and accessible.

Zeal

We bring passion and dedication to our work. Our energy comes from the enjoyment we derive from what we do.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of Airline Services & Logistics Plc will hold at the Metropolitan Hotel, Murtala Muhammed Highway, Calabar, Cross River State on Thursday, May 28, 2009 at 12 noon to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2008 together with the reports of the Chairman, Directors, and Auditors thereon.
2. To declare a dividend
3. To re-elect Directors retiring by rotation
4. To authorise the Directors to fix the remuneration of the External Auditors.
5. To elect the members of the Audit Committee.

Notes:

1. PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A proxy form is attached to the Annual Report and to be effective, all instruments of proxy should be completed, duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrar of the Company, Meristem Registrars, 305, Herbert Macaulay Way, SaboYaba, Lagos not later than 48 hours before the time fixed for the meeting. A

corporate member of the Company is required to execute a proxy under seal.

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from April 21, 2009 to May 12, 2009 (both days inclusive).

3. PAYMENT OF DIVIDEND

If the dividend of 7kobo per share recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on June 4, 2009 to members whose names appear in the Register of Members at the close of business on April 21, 2009.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

Dated this 29th day of April, 2009.

BY ORDER OF THE BOARD

LEGAL PARTNERSHIP CONSULT
LEGAL PRACTITIONERS
COMPANY SECRETARY
Legal Partnership Consult
COMPANY SECRETARY

REGISTERED OFFICE:

1, Service Street, Murtala Muhammed International Airport
Ikeja, Lagos.

Chairman's Statement

...the company recorded a slight increase in turnover from N3.5 Billion to N3.6 Billion, but a reduction in profit (before exceptional items and dividend) from N23 Million to N213 Million, due to the harsh operating conditions. These results demonstrate that the basis of the Company's business model continues to perform well...

Ambassador (Dr) Patrick Dele Cole
Chairman



It is with great pleasure that I welcome you to the thirteenth Annual General Meeting of your company.

2008 has been a challenging year for businesses around the world and ASL is no exception. The global financial crisis, which originated from the USA has spread around the world and found its way to Africa, and Nigeria specifically. The effects on Nigeria include low oil prices, rising inflation, withdrawal of international credit lines, increased cost of borrowing, the subsequent recall of loan facilities by banks and the depreciation of the Naira against most major currencies.

The global aviation industry has suffered as a result of the ongoing credit crisis, with a reduction in volume and capacity of approximately 12%. IATA had projected that this situation will continue in 2009, with a number of airlines already going under and others in precarious positions. In Nigeria, a number of international airlines have withdrawn services to the country and domestic airlines have been under pressure following the withdrawal of foreign backers.

However, in Nigeria, the volume of domestic flights increased in 2008. Despite this, airlines have rationalized their operations and ASL

customers' orders were affected as the value and size of orders decreased during the year.

The specific effects of the global economic crisis on ASL can be summarized as follows:

- High cost of food imports
- The fall in the value of the US Dollar
- High operating costs especially repairs and maintenance of equipment and employee related expenses
- High cost of diesel
- Loss of revenue due to the departure of some major airlines
- High cost of finance

ASL has included in its 2008 financial statements a number of extraordinary items which became necessary due to the following situations:

- The continued failure of the Government to perfect the concession jointly won by the company to run the Nnamdi Azikiwe International Airport, Abuja for 25 years.
- The provision of N102m against debts owed by a major domestic airline for over 12 months. The matter has however been taken to court and there is every chance of success. The provision for this exceptional item in the accounts is therefore according to prudential guidelines and not an indication of the impossibility of recovery. If and when it is eventually recovered hopefully in the current year, it would be written back into the current year's revenue.

Despite these challenges, the company recorded a slight increase in turnover from N3.5 Billion to N3.6 Billion, but a reduction in profit (before exceptional items and dividend) from N323 Million to N213 Million, due to the harsh operating conditions. These results demonstrate that the basis of the Company's business model continues to perform well, despite the impact of the global credit crisis and demonstrate, when taken outside of the context of the extraordinary items that have been

included, the continued profitability and strong market position that it has.

Noting the necessary inclusion of exceptional items and a reduction in profitability, the Board of Directors is also cognizant of the need to ensure that its esteemed shareholders are compensated for their continued loyalty. The Board also remains confident that the Company will continue to demonstrate strong operating performance in 2009. In line with the above, your Board is recommending for your approval, the payment of 7 kobo dividend per ordinary share subject to appropriate withholding tax.

Outlook for 2009

The Board of Directors have developed a strategic growth plan for 2009 that it believes will yield positive results in the coming financial year. This strategy includes the aggressive diversification of the Company's business into the oil and gas industry catering service, aggressive cost control measures to mitigate the airlines' current focus on cost of services and a major initiative to reduce the company's finance costs. These measures diversify your business' risk away from the airline industry at little initial cost and create improvements in operating efficiency and financial efficiency that will minimize the impact of the current operating environment.

Board Changes

During the year under review, Mr. Deji Alli was appointed as a Director of the Company. He brings into the Company several years of cognate experience as an industrialist and investment expert. Please join me in welcoming him on board and we wish him many fruitful years of service to the Company.

Messers Markus Oberholzer and Stefan Doenni resigned from the Board on 30th March, 2009 after several years of meritorious service to your Company and following the expiration of the technical services contract with First Catering. We wish them the very best in their future endeavors.

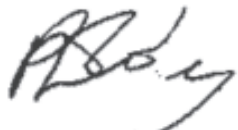
Conclusion

I would like to thank all of you for your continued support, co-operation and encouragement. On behalf of the Board of Directors I wish to assure you of our unrelenting commitment to ensure the Company's continuous growth through efficient operations and diversification of business for the benefit of us all.

We thank the regulatory authorities for their continued support and our customers as well, without whom there can be no ASL. We also thank our employees, our greatest asset, they too have been wonderful. It is my hope that the unity of purpose which existed between us during the year under review would be sustained.

Finally, I thank the Management and my colleagues on the Board for their dedication and commitment during the year.

Distinguished ladies and gentlemen, I thank you most sincerely for your attention.



Ambassador (Dr) Patrick Dele Cole

Chairman

Chief Executive Officer's Review



In the course of the year under review, your Company upgraded and purchased new technology and operational infrastructure required in order to ensure the smooth and efficient operation of the business.

Richard Akerele
Chief Executive Officer

Ladies and Gentlemen, I am delighted to present to you a detailed summary of the year under review and to provide an outline of our strategic objectives for the coming year.

The year under review

As noted by the Chairman, we faced a number of challenges in 2008 that affected revenue growth which impacted negatively on our profit before exceptional items and dividend payments. As the Chairman has summarised, the exceptional item that we are accounting for this year is before a court of law and we believe there are good prospects for recovery, however best practice and prudent accounting demand

that the debt be reflected in this year's accounts.

It is also important to make reference to the fact that our relatively low increase in turnover is as a result of actions taken by management to withdraw services to the customer involved in the disputed exceptional item. The decision was taken in light of the need to prevent further accumulation of debts by the customer and it is important to note that had services to the customer been consistent, and bills paid, throughout the year, your Company would have had an additional N1 Billion in turnover and approximately N200 Million in profit to report to you today. During the course of the year, we

were also affected by the decision of another major customer to halt operations on their Nigerian route entirely.

In addition to the exceptional item and loss of revenue, we also faced challenges with our expenses throughout the year. This was caused by the increase in cost of food imported from Europe and the gradual decline in value of the US Dollar throughout 2008, relative to the Pounds Sterling and the Euro. Our revenue is received in US Dollars while our import costs are incurred in Pounds Sterling or Euros leading to foreign exchange losses during the period. At the same time, the failure by the customer responsible for the inclusion of the exceptional item to pay its debts led to an increase in borrowing to provide liquidity and the inevitable side effect of increased bank charges.

Further to the challenges that I have outlined, the growth of your Company was also affected by the failure of a number of expected new entrants into the Aviation Industry to secure the required regulatory approvals for operations before the end of the financial year.

Capital Expenditure, Operational Enhancement and Security

In the course of the year under review, your Company upgraded and purchased new technology and operational infrastructure required in order to ensure the smooth and efficient operation of the business. During the year, 6 high-loaders were purchased though only 4 came in before the year end, the remaining 2 arrived in the country early 2009. 4 brand new pick-up vans were also purchased. This step has greatly reduced the incidence of breakdowns particularly on the ramp. The Company also brought in some precision equipment to minimize wastages in production.

A more powerful and faster internet broadband facility was contracted with downtime reduced to the barest minimum. Investments were also made in other communication infrastructure to enhance communication between the office and workers on the ramp and in transit.

Your Company also embarked on the first step of a significant security compliance project to ensure adequate safeguarding of products, infrastructure and employees. An international security company was contracted to examine and review the Company's compliance with international industry regulations. The Company then implemented their recommendations including the installation of access controls with cards and biometrics alongside closed-circuit televisions and cameras. More guards were contracted to monitor movements and accompany products to the tarmac and sniffer dogs were also acquired to prevent any malicious intent all through the delivery process.

Human Resources and Training

The human resources function was strengthened during the year to ensure that every employee was exposed to adequate and requisite training and retraining for maximum performance. Management consultants were contracted to develop team spirit and leadership models within the rank and file and top management staff were brought together to sharpen their leadership skills for growth and development.

Remuneration reviews were conducted during the year to attract, develop and retain high quality employees and to create a conducive working environment where every member of staff sees himself as a member of one big happy family.

Our recruitment process was reviewed during the year with the introduction of stricter screening of new employees and rigorous induction to fully integrate them into the system. During the year, an embargo was placed on recruitment to enable your Company to adjust to the loss of two major customers. A redundancy exercise saw 38 employees relieved of their appointments and an embargo was placed on further employment. This has helped the Company to move towards a naturally slim structure.

was placed on further employment. This has helped the Company to move towards a naturally slim structure.

Corporate Governance

During the year, the Board did not relent in its duty to ensure that proper standards of corporate governance were maintained. It was a priority to maintain strong oversight of the management team through regular Board meetings and various committees and management meetings.

The Board met and deliberated on a broad range of issues including corporate restructuring, industrial relations, accountability and internal control. A new Accounting Policy and Procedure Manual was successfully adopted alongside a new Management Reporting format.

Looking Ahead – Operations

Your Company is committed to return to strong profitability in 2009 and the Board will be taking a number of steps to adapt its operations to ensure that this happens. These steps include:

- The replacement of the existing technical services operator with a bigger world player in the in-flight catering industry.
- Exploration of the opportunities available to the Company in the oil and gas catering services sector. The Company has the existing infrastructure to enter this business cost efficiently and already adheres to the Federal Government's local content policy. The Company has been duly licensed by the Department of Petroleum Resources to operate as an Oil Service Business and has also been pre-qualified on the Nigerian Petroleum Exchange/Nigerian Joint Qualification Service portal as a first step.
- The acquisition of new equipment including high-loader trucks and pick-up vans, dishwashing lines, functional elevator, conveyor belt for trayset area, cold and hot kitchen infrastructure, industrial ice making

machines and modern store shelving systems. This will minimize repair and maintenance cost as well as equipment downtime.

- Investment in information technology support infrastructure to replace current operations/production software with a more modern and user friendly system.
- Review of purchase of materials from overseas to ensure a better price value relationship with a focus on the importation of more ready to use materials to reduce preparation requirements in Nigeria. We will also adopt a better pricing model to maximize margins and guard against currency fluctuations and will seek to re-negotiate contracts with existing customers based on the new model.
- Domestic Kitchen: Because of the difficulties encountered in changing from the production setup of international items to domestic, it is envisaged that more efficiency would be achieved by having separate kitchens to cater for each. The Board is currently watching the trend in the aviation industry before committing funds into this project, but the framework has been completed in readiness.

Looking Ahead – Expansion

Your Company is also committed to continued expansion, despite the global economic situation in order to provide shareholders with maximum value. Plans in the pipeline include:

- a Backward Integration: A lot resources are employed in pre-preparation of materials for production especially in the areas of vegetables and fruit processing. We are looking at establishing industries that will handle such process on a stand alone basis, both to service the Company and the public at large.
- b African Outlook: Your Company intends to spread its operations to other parts of Africa with a primary focus on the West Coast. Fruitful discussions are on-going and it is

expected that before the end of 2009 the horizon would have been clearly defined.

- c **Abuja Airport Concession:** The concession which was won in 2007 to run the Nnamdi Azikiwe International Airport, Abuja for 25 years as a member of a consortium has not been formally signed off by the Presidency.

On behalf of the Board, management and staff of Airline Services & Logistics Plc, I thank you for your support and look forward to another year of success leading your Company and bringing more value to all our shareholders.



Richard Akerele
Chief Executive Officer

Board of Directors



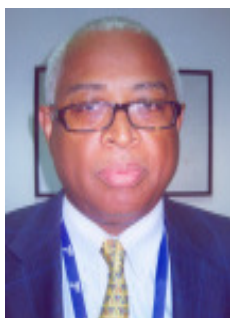
Ambassador (Dr.) Patrick Dele Cole

Chairman

Ambassador (Dr.) Patrick Dele Cole holds a Ph.D from Kings College, Cambridge, United Kingdom and a Masters Degree from the University of Otago, New Zealand. He has over forty years experience in both the public and private sectors in Nigeria and has held the following political office positions:

- Ambassador of the Federal Republic of Nigeria to Brazil (1987–1990)
- Deputy National Chairman (South South) of the People’s Democratic Party of Nigeria (1998–1999)
- Special Adviser on International Relations to President Olusegun Obasanjo (1999–2001)

In 1969, he was a visiting professor at the University of Pennyslavia, USA and from 1970–1973, he was a fellow at Kings College, Cambridge, United Kingdom. Prior to joining ASL as the Chairman in 2003, Ambassador (Dr.) Cole was a senior bureaucrat in the Cabinet Office in the early/mid seventies and a former Managing Director of Daily Times Nigeria Limited. He was once the Chairman of Abuja Hotels and is currently a member of the Board of Guardian Newspapers and the Chairman of the Board of Directors of Nigerian Aviation Handling Company Plc.



Mr. Richard Akerele

Chief Executive Officer

Mr. Akerele holds a Masters Degree in Business Administration from Western Illinois University. He is a Management Professional with over twenty years experience in the Nigerian telecommunications business and aviation services sector. He is a former member of the Board of Directors of Eko Le Meridien Hotels and a consultant for Forte Hotels in Nigeria. Mr. Akerele was a member of the Nigerian Economic Summit Group and a former Chairman of the subcommittee for the Nigerian Civil Aviation Authority. He was appointed a member of the Federal Government of Nigeria’s Committee on Revenue Generation in the Aviation sector.



Otunba Solomon K. Onafowokan,
OON Director

Otunba Onafowokan holds a Post Graduate Degree in Business Administration and is the President of the Lagos Chamber of Commerce and Industry. He is the Chairman of Coleman Wires and Cables Limited and Artee Industries Limited. In December 1998, he was conferred with the title of Asiwaju of Remo Kingdom and in October 2006 was honoured with the National award of Officer of the Order of the Niger (OON) by the Federal Government of Nigeria.



Mr. Markus Oberholzer
Director

Mr. Oberholzer is the President and Chief Executive Officer of First Catering Produktion AG with a lifetime interest in the food and beverages industry. Mr. Oberholzer began his career as a professional cook in Switzerland and over the years, he worked in various management positions in the catering industry around the world. He founded First Catering in Zurich and won the entrepreneur of the year award in Switzerland in 2002.



Mr. Stefan Doenni
Managing Director

Mr. Doenni holds a Bachelors Degree in Economics. He has held several key managerial positions over the years and was the key Accounts Manager in DeliFrance (Suisse) South Africa for three years after which he became the Managing Director of Crossair Catering Limited, Zurich before joining ASL in 2006.



Mr. Deji Alli
Director

Mr. Alli is the Managing Director of ARM Investment Managers, which he founded in 1994. His prior work experience includes six years in the asset management business with Prudential Portfolio Managers Limited, UK. At Prudential, he was responsible for the management of a number of Sterling denominated and multi currency fixed income portfolios. Mr. Alli later joined the Treasury Department of the African Development Bank (ADB) where he was a member of the team responsible for managing the institution's liability portfolio. He was also responsible for conducting primary funding activities in the major

capital markets where the bank actively borrowed. While at the ADB, he successfully completed several fund raising operations in the international capital markets on behalf of the bank.

Mr. Alli has a Bachelor of Science degree in Accounting and a postgraduate degree in Finance from the University of Lagos. He is an Associate member of the Chartered Institute of Management Accountants, UK. He joined the Board of ASL in 2008.



Mr. Bayo Adeniji

Director

Mr. Adeniji is presently the Managing Director, Investment Banking at ARM. Prior to his appointment with ARM in April 2006, he was the Managing Partner/Founder of Tamesis Limited, a dedicated Nigerian based Corporate Finance firm, with strong domestic and regional cross-border networks. Before founding Tamesis Limited in 2003, Mr. Adeniji played influential roles with some prestigious organizations such as, Aureos West Africa Managers Limited – a private equity fund management company, Capital Alliance Nigeria, the pioneer private equity fund management company in Nigeria, Hamilton Hammer & Co, investment banking and advisory firm and Ernst & Young, Lagos.

Mr. Adeniji trained, qualified and worked at Price Waterhouse, London for 7 years, leaving in 1991, as Manager, Corporate Restructuring and Finance. He joined the Board of ASL in 2008.

Report of the Directors

Your Directors are pleased to present the Annual report together with the Audited Accounts for the financial year ended December 31, 2008.

Incorporation and Legal Status of the Company

The Company was incorporated as a private Company in 1996 and was converted to a public Company listed on the Nigerian Stock Exchange in 2007. The Company is domiciled in Nigeria.

The Company's Activities and State of Affairs

The Company is engaged in the provision of catering and related services to airlines operating within the Nigerian Aviation Industry. The Company operates international standard flight kitchen facilities, VIP lounges and Duty-Free shops at the Murtala Muhammed International Airport, Lagos and the Nnamdi Azikiwe International Airport, Abuja.

In the opinion of the Directors, the Company is a going concern and no events have occurred since the balance sheet date which would materially affect the financial statements as presented.

Board of Directors

- | | |
|---------------------------------------|--|
| 1. Ambassador (Dr.) Patrick Dele Cole | – Chairman |
| 2. Mr. Richard Akerele | – Chief Executive Officer |
| 3. Mr. Stefan Doenni (Swiss) | – Managing Director |
| 4. Mr. Markus Oberholzer (Swiss) | – Non-Executive Director |
| 5. Otunba S. K. Onafowokan | – Non-Executive Director |
| 6. Mr. Deji Alli | – Non-Executive Director (Appointed with effect from May 15th, 2008) |
| 7. Mr. Bayo Adeniji | – Non-Executive Director |

Mr. Richard Akerele and Ambassador (Dr.) Patrick Dele Cole retire by rotation and being eligible, offer themselves for re-election. The appointment of Mr. Deji Alli which took place after the May 2008 Annual General Meeting will be tabled for the approval of the shareholders at the Annual General Meeting.

Mr. Markus Oberholzer and Mr. Stefan Doenni resigned from the Board with effect from March 30, 2009.

Directors' Shareholding

The Directors specified below held shares either directly or indirectly on December 31, 2008 and continued to hold direct or indirect shareholdings in the Company throughout the period under review:

	As at Dec. 31, 2008		As at Dec. 31, 2007	
	Direct	Indirect	Direct	Indirect
Amb. (Dr.) Patrick Dele Cole	1,500,000	–	1,500,000	–
Mr. Richard Akerele	3,240,000	134,033,333	3,240,000	134,033,333
Otunba S. K. Onafowokan	3,260,000	–	3,260,000	–
Mr. Markus Oberholzer	77,250,000	13,000,000	77,250,000	13,000,000
Mr. Deji Alli }				
Mr. Bayo Adeniji }		– 277,251,667		– 277,251,667

Directors Interest in Contract

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, 1990 of any direct or indirect interest in any contract or proposed contract with the Company.

Record of Directors' Attendance

The record of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting.

Results and Appropriations

	2008	2007
Turnover	3,601,021,367	3,471,155,556
Profit Before Exceptional Item	213,293,153	322,760,637
Exceptional Item	(102,385,711)	–
Profit Before Dividend	110,907,442	322,760,637
Proposed Dividend (7 Kobo)	44,380,000	(10 Kobo) 63,400,000

Dividend Payment

If the recommended final dividend of 7 Kobo per share is approved at the Annual General Meeting, the dividend warrants will be posted on Thursday, June 4, 2009 to all the shareholders whose names appear in the Register of Members at the close of business on April 21, 2009.

Major Shareholders

According to the Register of Members as at December 31, 2008, the following shareholders held more than 5% of the issued share capital of the Company:

Rical Enterprises Limited	116,309,301	18.35%
Harrowditch Limited	90,700,000	14.30%
Roswello Services Limited	89,670,833	14.14%
Rifkind Limited	89,670,833	14.14%
Mr. Markus Oberholzer	77,250,000	12.18%

Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, 1990, Messrs Opone Johnson & Co. have indicated their willingness to continue in office as External Auditors to the Company. A resolution will be proposed and if considered appropriate, passed by the shareholders at the Annual General Meeting to authorize the Directors to fix their remuneration.

Charitable and Other Donations

	=N=
The Redeemed Christian Church of God	100,000
St. Dominic's Catholic Church	60,000
Catholic Women Organisation	50,000
	210,000

Employment of Disabled Persons

The Company's recruitment policy is based solely on merit and does not discriminate against any person on the grounds of physical disability.

Health, Safety and Welfare at Work

The Company provides comprehensive medical cover for all employees. Safety regulations are conspicuously displayed at the kitchen and other locations and such regulations are strictly enforced by the Human Resources Department.

Employee Involvement and Training

To ensure that it appropriately addressed employees' welfare concerns throughout the period under review, the Company:

- Kept members of staff informed of all matters affecting them and the Company in general and encouraged their contributions towards the development of staff policies.
- Held a number of staff meetings that discussed the Company's day-to-day operations, business focus and staff welfare issues.
- Ensured that employees were given equal opportunity to develop their skills and broaden their knowledge by the conduct of training and development courses.

Company Secretary


In the course of the year under review, Mr. I. O. Onaleye resigned as the Company Secretary and the firm of Legal Partnership Consult was engaged in his place.

Staff Strength

As at December 31, 2008, the Company had 792 employees on its payroll.

Post Balance Sheet Events

There have been no material post balance sheet events to date which may have any significant effect on the financial statements as at December 31, 2008.


DIRECTOR

LEGAL PARTNERSHIP CONSULT
LEGAL PRACTITIONERS
COMPANY SECRETARY
Legal Partnership Consult
COMPANY SECRETARY

Corporate Governance Report

The Board of Directors of the Company (the Board) is pleased to present the Corporate Governance report for the year ended December 31, 2008.

Commitment to Corporate Governance

The Company acknowledges the importance of good corporate governance practices and procedures and regards sound internal control and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its business is conducted in accordance with rules and regulations and applicable codes and standards.

Board of Directors

The Board is responsible for the management of the Company which includes formulating business strategies, directing and supervising the Company's affairs, approving interim and annual reports, announcements and publication of interim and final results, considering dividend policy, and approving the issue, allotment or disposal or grant of options in respect of unissued new shares or debentures of the Company, preparation of the financial statements.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

a. Responsibilities

- i) Keeping of proper accounting records which disclose with reasonable accuracy the financial position of the Company and comply

with the provisions of the Companies and Allied Matters Act, 1990.

- ii) Establishment of adequate internal control systems to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- iii) Preparation of the financial statements, interim results and final results as well as the assumption of ultimate responsibility for financial, operational and internal systems of control.
- iv) Approving the issue, allotment or disposal or grant of options in respect of unissued shares or debentures of the Company.
- v) Ultimate responsibility for regulatory compliance and ensure that reporting to the Board is comprehensive.
- vi) Ensure a balanced and understandable assessment of the Company's position in reporting to stakeholders.
- vii) Delegate to the executive management any of the powers, authorities and discretions vested in the Board including the power of sub-delegation.
- viii) Consider and approve any significant changes proposed in accounting policy or practice and consider the recommendations of the Audit Committee.

b. Appointment and Re-election of Directors

The Board is empowered under the Articles of Association of the Company to appoint any person to act as a Director to fill a casual vacancy

or as an additional member of the Board. The Board ensures that Directors possess the requisite skills, knowledge and experience necessary to fulfill their obligations.

c. Board Meetings

The Board meets at least once in every quarter with ad-hoc meetings being held whenever deemed necessary. During the year under review, the Board held five meetings.

Notices of Board meetings are given to all Directors at least 14 days before the meetings. The Company Secretary is responsible for taking and keeping the minutes of all Board meetings.

d. Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended December 31, 2008 which give a true and fair view of the state of affairs of the Company at that date and the Company's results and cash flow for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

Relationship with Shareholders

The Annual General Meeting of the Company provides a forum for communication between the shareholders and the Board. The Chairman of the Board and the Chairman of the Audit Committee will be available at the Annual General Meeting to answer all questions.

The Company continues to enhance communications and relationships with the shareholders. Designated senior members of staff maintain regular communication and dialogue with the shareholders and enquiries from the shareholders are dealt with in an informative and timely manner.

Shareholders' Responsibilities

The shareholders' role is to approve the appointments of the Board of Directors and the External Auditors. This role is extended to holding the Board responsible and accountable for effective corporate governance.

Company Secretary

It is the role of the Company Secretary to ensure that the Board remains cognizant of its duties and responsibilities. The Company Secretary also keeps the Board abreast of all relevant changes in legislation and governance best practices.

Social Responsibility

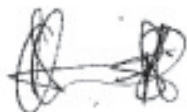
The Company recognizes the challenges and benefits of doing business in Nigeria and it owes its existence to the people and society within which it operates. The Company is committed not only to the promotion of economic development but also to the strengthening of civil society and human well being within Nigeria.

Report of the Audit Committee

In compliance with the provisions of Section 359(3) to (6) of the Companies and Allied Matters Act 1990, the Committee reviewed the Audited Financial Statements of the Company for the year ended December 31, 2008 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.

Dated this 28th day of April, 2009.



MR. ADEDAPO OLUSEGUN

Chairman, Audit Committee

Members of the Audit Committee are:

- | | | |
|----------------------------|---|----------|
| 1. Mr. Adedapo Olusegun | – | Chairman |
| 2. Otunba S. K. Onafowokan | – | Member |
| 3. Mr. Bayo Adeniji | – | Member |
| 4. Mr. Godwin Anono | – | Member |
| 5. Mr. Peter Eyanuku | – | Member |

Auditors' Report

TO THE MEMBERS OF AIRLINE SERVICES AND LOGISTICS PLC.

We have audited the Financial Statements of *Airline Services and Logistics Plc* for the year ended 31st December, 2008 set out on pages 25 to 39 which have been prepared on the basis of significant accounting policies set out on pages 25 to 26. In line with standard audit practice, we have obtained the required information and explanations considered appropriate for the purpose of forming an audit opinion.

RESPONSIBILITIES OF DIRECTORS

The Directors are responsible for the preparation of financial statements in accordance with the accounting standards issued by Nigeria Accounting Standards Board and to ensure compliance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004.

These responsibilities are to ensure that:

- Proper accounting records were maintained;
- Internal Control procedures instituted are adequate to safeguard the assets, prevent and detect fraud and other irregularities.
- Applicable accounting standards are followed;
- Judgments and estimates made are reasonable and prudent.
- Sound ethical business practices and good corporate governance prevails in the running of the Company's affairs.

AUDITORS RESPONSIBILITY

It is our responsibility to form an independent opinion, based on our audit, on those financial statements prepared by the Directors and to report our opinion to members of the Company.

BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards. An audit includes the examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable

assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements to ensure that the relevant accounting standards and the provisions of Companies and Allied Matters Act CAP C20 LFN 2004, were complied with.

OPINION

In our opinion, the Company has kept proper books and the financial statements, which are in agreement therewith, prepared in accordance with the Statements of Accounting Standards applicable in Nigeria and in the prescribed manner the information required by the Companies and Allied Matters Act CAP C20 LFN 2004, give a true and fair view of the state of the Company's affairs as at 31st December, 2008 and of its Profit, Cash flow Statement for the Year ended on that date.

LAGOS – NIGERIA
30th March, 2009.


OPONE JOHNSON & CO.
(Chartered Accountants)



Significant Accounting Policies and Operational Status

1. Basis of Preparation of Financial Statement

The financial statements have been prepared under the Historical Cost Convention. Historical cost is only modified where revaluation of Fixed Assets takes place.

2. Depreciation of Fixed Assets

Depreciation is calculated in the Account using the straight-line method so as to write off the cost of the Fixed Assets over their estimated useful lives at the following rates:-

Leasehold and Building	5 %
MMA Lounge Fittings	10 %
Furniture & Fittings	10 %
Equipment	15 %
Motor Vehicles	20 %

3. Stock

Stocks are valued at the lower of cost or estimated net realisable value. Costs include cost of purchases and other associated charges in bringing the stocks to its location.

4. Turnover

Turnover represents the value of goods and services invoiced to third parties net of trade discount. The Company's turnover is not subject to VAT as income generated from an Export Processing Zone is VAT exempt.

5. Debtors

Debtors are stated at their book value subject to the application of specific provision for debts considered doubtful of recovery where the need arises.

6. 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 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 production in the local market and subject to the issuance of the relevant permit.

Significant Accounting Policies..... 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.

7. Foreign Currencies Transaction

Transactions in foreign currency are recorded at the official rates of exchange in force when such transactions are completed. Assets and Liabilities denominated in foreign currency are translated at applicable official rates of exchange in force at the end of the accounting period. The resulting exchange gains or losses are included in the profit and loss account.

8. Pension Fund and Gratuity Scheme

The Company's pension scheme is contributory, in accordance with the Pension Reform Act of 2004. In addition, provision is made annually towards employees' terminal gratuities based on current emoluments in line with SAS 8.

9. Provisions

In line with SAS 23, the Company makes provisions where legal or constructive obligations are likely to arise and it's probable that a transfer of economic benefits will be required in settlement of the obligation.

10. Impairment

The carry value of the Company's Assets is reviewed at each balance sheet date to ascertain if there is any indication of impairment. If the result of the review indicates any impairment, the asset's recoverable amount is estimated and compared with the carrying value of the assets. Where the result show a fall in value, the difference will be recognized as impairment loss and charged to Income statement.

11. Cash and Cash Equivalent

Cash and cash equivalent represents cash in hand, cash balances with banks, bank overdrafts and other short-term funds held with banks.

12. Operational Status and Nature of Business

The Company is licensed under the Nigeria Export Processing Zones Authority Act 63 of 1992 as an Export Processing Zone located at Murtala Muhammed International Airport, Lagos, to provide Catering Services to Airlines operating flights outside Nigeria.

Profit and Loss Account

for the Year ended 31st December, 2008.

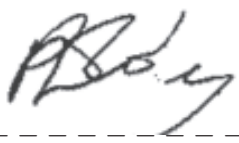
	NOTES	2008 N	2007 N
Turnover	1	3,601,021,367	3,471,155,556
Cost of Sales	2	<u>1,523,639,595</u>	<u>1,461,300,060</u>
Gross Profit		2,077,381,733	2,009,855,496
Operating Cost	3	<u>1,876,669,560</u>	<u>1,708,817,386</u>
Profit Before Other Income		200,712,212	301,038,110
Other Income	4	<u>12,580,941</u>	<u>21,722,527</u>
Profit Before Exceptional Item		213,293,153	322,760,637
Exceptional Item		<u>5 (102,385,711)</u>	<u>-</u>
Profit Before Dividend		110,907,442	322,760,637
Dividend	20	<u>(31,700,000)</u>	<u>(57,700,000)</u>
Profit After Dividend		<u>79,207,442</u>	<u>265,060,637</u>
Earnings Per Share (50 Kobo)		<u>0.17</u>	<u>0.51</u>

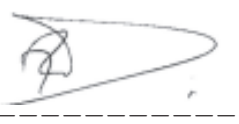
The Accounting Policies and Notes thereon form part of these Accounts.

Balance Sheet

As At 31st December, 2008

	NOTES	2008 N	2007 N
EMPLOYMENT OF FUNDS			
Fixed Assets	6	818,051,569	799,607,078
Investment	7	64,346,544	-
Non Current Assets	8	1,096,589,143	1,067,884,421
Current Assets	9	1,303,044,966	1,159,984,968
Less: Current Liabilities	10	1,429,211,368	1,690,210,732
Net Current Assets		(126,166,401)	(530,225,764)
		<u>1,852,820,854</u>	<u>1,337,265,735</u>
FUNDS EMPLOYED			
Share Capital	12	317,000,000	317,000,000
Share Premium		342,000,000	342,000,000
Revenue Reserve	13	665,820,854	563,564,531
Shareholders Funds		1,324,820,854	1,222,564,531
Loan Account	15	528,000,000	114,701,204
		<u>1,852,820,854</u>	<u>1,337,265,735</u>


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DIRECTORS

The Accounting Policies and Notes thereon form part of these Accounts.

Cash Flow Statement

For The Year Ended 31st December, 2008

	2008 N	2007 N
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	3,570,546,459	3,255,792,470
Cash Paid to Suppliers of Goods for Resale	(1,558,158,030)	(1,286,142,138)
Cash Paid – Staff Cost & Operating Cost	(1,796,013,231)	(1,750,019,063)
Cash from Operating Activities	216,375,198	219,631,269
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	172,438,254	137,554,238
Sale of Fixed Assets	(2,400,000)	(1,620,500)
Joint Venture Consortium	28,704,722	1,067,884,421
Investment	64,346,544	–
Net Cash provided by Investing Activities	263,089,520	1,203,818,159
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	–	57,000,000
Share Premium	–	342,000,000
Shareholders Deposits	–	(35,666,55)
Dividend Paid	(36,380,450)	(49,849,550)
Loan	(190,135,809)	541,571,500
Net Cash provided by Financing Activities	(226,516,259)	855,055,397
Net Decrease in Cash and Cash Equivalent	(273,230,582)	(129,131,493)
Cash and Cash Equivalent at Start of Year	(299,842,367)	(170,710,874)
Cash and Cash Equivalent at End of Year	(573,072,949)	(299,842,367)

Notes to the Accounts

For The Year Ended 31st December, 2008

	2008 N	2007 N
1 TURNOVER ANALYSIS		
Long Haul	2,952,867,216	2,852,801,196
Short Haul	<u>648,154,106</u>	<u>618,354,360</u>
	<u><u>3,601,021,367</u></u>	<u><u>3,471,155,556</u></u>
<p>The Company's supplies were made in accordance with the requirements of NEPZA Act No. 63 of 1992 as amended.</p>		
2 COST OF SALES		
Purchases and Conversion Cost	1,593,455,175	1,593,584,060
Net movement in stock	<u>69,815,580</u>	<u>132,284,000</u>
	<u><u>1,523,639,595</u></u>	<u><u>1,461,300,060</u></u>
3 STAFF COST, ESTAB. & FINANCE CHARGES		
Directors Fees	10,375,000	6,750,000
Directors Emoluments	67,323,450	97,013,994
Staff Cost	579,024,748	508,651,264
Technical Management Fees	125,631,220	201,458,727
Admin & Establishment Charges	853,818,848	651,955,565
Bank Charges and Interest	149,625,991	92,000,323
Audit Fees	4,200,000	1,050,000
Depreciation	<u>153,993,754</u>	<u>149,937,513</u>
	<u><u>1,876,669,560</u></u>	<u><u>1,708,817,386</u></u>
4 OTHER INCOME		
Exchange Gain	N -	N 22,567,500
Profit/Loss on Sale of fixed Asset	2,399,990	(844,973)
Branding Fee	13,800,000	-
Sale of Scrap	56,300	-
Loss on sale of shares/other investment income	<u>(3,675,349)</u>	<u>-</u>
	<u><u>12,580,941</u></u>	<u><u>21,722,527</u></u>
5 EXCEPTIONAL ITEM		
Provision for doubtful debt	<u><u>102,385,711</u></u>	<u><u>-</u></u>

In the course of the Company's operation a claim was made by a short haul customer against the Company. The claim is duly covered by insurance policy. The short haul customer is indebted to the Company to the tune of N204 million, as a result, the Directors decided to make provision over a period of 2 years.

The Company has commenced legal action against the short haul customer.

	Leased hold & building	M M A Lounge Fittings	Motor Vehicles	Food Processing Equipment	Furniture & Equipment	Total
6 FIXED ASSETS	N	N	N	N	N	N
Cost						
At Start	422,608,059	73,627,201	75,009,781	654,460,558	88,395,299	1,314,100,898
Additions	2,178,760	4,177,600	40,696,740	98,676,908	26,383,045	172,113,054
Disposal	—	—	—	(13,227,500)	—	(13,227,500)
	<u>424,786,819</u>	<u>77,804,801</u>	<u>115,706,521</u>	<u>739,909,966</u>	<u>114,778,344</u>	<u>1,472,986,452</u>
Depreciation						
At Start	65,770,585	45,822,088	26,507,163	349,067,861	27,326,123	514,493,820
Current Year	21,182,726	7,432,347	22,463,025	86,959,054	15,956,602	153,993,754
Disposal	—	—	—	(13,227,490)	—	(13,227,490)
	<u>86,953,311</u>	<u>53,254,435</u>	<u>48,970,188</u>	<u>422,799,425</u>	<u>43,282,725</u>	<u>655,260,084</u>
N.B.V. Dec. 2008	<u>377,833,508</u>	<u>24,550,366</u>	<u>66,736,333</u>	<u>317,110,542</u>	<u>71,495,619</u>	<u>817,726,369</u>
N.B.V. Dec., 2007	<u>356,837,474</u>	<u>27,805,113</u>	<u>48,502,618</u>	<u>305,392,697</u>	<u>61,069,176</u>	<u>799,607,078</u>
			2008			2007
FIXED ASSET SUMMARY		N			N	
Asset in Use		817,726,369			799,607,078	
Capital Work in Progress		325,200			—	
		<u>818,051,569</u>			<u>799,607,078</u>	
7 INVESTMENT						
Reacon Duty Free Limited		26,000,000			—	
ARM Fund Management		38,346,544			—	
		<u>64,346,544</u>			<u>—</u>	

iThe company acquired Reacon Duty Free Limited as a wholly owned subsidiary. The duty free shop was closed down for a greater part of 2007 and 2008 due to government policy on all duty free shops operating in Nigeria at the International Airports.

i The sum of N38,346,544 represent investment fund managed by Assets & Resource Management Ltd.

Notes to the Accounts... cont'd

	2008 N	2007 N
8. NON CURRENT ASSET		
Abuja Airport Concession Note 19	1,096,589,143	1,067,884,421
9. CURRENT ASSETS		
Stock	268,774,193	198,958,613
Trade Debtors	608,163,826	646,844,798
Sundry Debtors & Prepayment	361,120,112	252,737,777
Cash and Bank Balances	64,986,835	61,443,780
	<u>1,303,044,966</u>	<u>1,159,984,968</u>
10. CURRENT LIABILITIES		
Trade Creditors	435,442,769	400,145,625
Sundry Creditors & Accruals	117,271,610	82,226,700
Bank Overdraft & Short Term Facilities	638,059,784	361,286,147
Dividend	3,170,000	7,850,450
Term Loan	235,267,204	838,701,809
	<u>1,429,211,368</u>	<u>1,690,210,732</u>
11. TAXATION		
Current taxation - Exempt Status	<u>-</u>	<u>-</u>
<p>The Company is a full fledged Export Processing Zone hence, no provision was made for Education and Income taxes, In addition, deferred taxation has not been provided as a result of this dispensation</p>		
12. SHARE CAPITAL		
a. Authorised Capital		
1,000,000,000 Ordinary Shares of 50 kobo each	<u>500,000,000</u>	<u>500,000,000</u>
b. Issued Capital		
634,000,000 Ordinary Shares of 50 kobo each	<u>317,000,000</u>	<u>317,000,000</u>

Notes to the Accounts... cont'd

	2008 N	2007 N
13. REVENUE RESERVE		
Profit After Dividend	79,207,442	265,060,637
Prior Year Adjustment – Note 14	<u>23,048,880</u>	–
Profit after prior year Adjustment	102,256,322	265,060,637
Profit Brought Forward	<u>563,564,531</u>	<u>298,503,894</u>
Retained Earnings	<u>665,820,854</u>	<u>563,564,531</u>
14 PRIOR YEAR ADJUSTMENT		
Prior year adjustment arose as a result of re-negotiated technical management fee; unaccounted BAT branding fee for 2007 and balance of the “listing day stock” released by the promoters in 2007		
Renegotiated Management Fees (2007)	30,848,880	–
Branding Fees (2007)	<u>13,800,000</u>	–
	44,648,880	–
Listing Shares	<u>(21,600,000)</u>	–
	<u>23,048,880</u>	–
15. LOAN ACCOUNT		
At Start	953,403,013	411,831,513
New Loans	285,680,000	735,938,168
	<u>1,239,083,013</u>	<u>1,147,769,681</u>
Debits	<u>475,815,809</u>	<u>194,366,668</u>
End of Year	<u>763,267,204</u>	<u>953,403,013</u>
Analysis of Term Loan		
Due within one year	235,267,204	838,701,809
Due after more than one year	<u>528,000,000</u>	<u>114,701,204</u>
	<u>763,267,204</u>	<u>953,403,013</u>
Included in the Loan Account are related Parties loan from Rical Enterprises Limited	–	<u>60,000,000</u>

Notes to the Accounts... cont'd

	2008 N	2007 N
16. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Profit	110,907,442	322,760,637
Depreciation	153,993,754	149,937,513
Stock	(69,815,580)	(132,284,000)
Debtors	(69,701,363)	(190,663,385)
Creditors	70,342,055	69,035,531
Profit/Loss on Fixed Assets Disposal	(2,399,990)	(844,973)
Prior Year Adjustment	23,048,880	—
Generated from Operations	<u>216,375,198</u>	<u>219,631,269</u>
17 RECONCILIATION OF CASH AND BANK BALANCES		
Cash and Bank Balances	64,986,835	61,443,780
Bank Overdraft	(638,059,784)	361,286,147)
	<u>(573,072,949)</u>	<u>(299,842,367)</u>
18 EMPLOYEES RETIREMENT BENEFIT SCHEME		
a. Gratuity		
Gratuity at start	14,773,910	14,111,296
Provision for the year	36,000,000	12,000,000
	<u>50,773,910</u>	<u>26,111,296</u>
Payment for the year	42,574,466	11,337,386
	<u>8,199,444</u>	<u>14,773,910</u>

The company makes provision annually towards employees' terminal gratuities based on current emoluments of the Nigerian Staff. The balances shown above represents funds held under the scheme.

b Pension Scheme

The Company's pension scheme is contributory in accordance with the Pension Reform Act of 2004. Under the Company's scheme the staff contributes 7.5% while the Company contributes 7.5% to fund the scheme.

Notes to the Accounts... cont'd

	2008 N	2007 N
19. ABUJA AIRPORT CONCESSION RIGHT		
Airline Services & Logistics Plc	778,456,456	732,998,852
Assets & Resource Management Ltd.	318,132,686	334,885,569
	1,096,589,143	1,067,884,421

The Company entered into a joint venture with other companies through a consortium company, Aeroporte Gateway Consortium and won the right as preferred bidder to operate Nnamdi Azikiwe Airport, Abuja. The deal is awaiting ratification by the Federal Government of Nigeria. US Dollar denominated fund was secured for the bid by the Company and apportioned to the local joint venture partners as shown above.

The consortium in an effort to protect its investment secured a court injunction against the Federal Government of Nigeria from taking any further actions on the Abuja Airport Concession until the determination of the suit filed against the Government.

20. DIVIDEND ACCOUNT

Dividend Declared – 2007 AGM	–	26,000,000
Interim Dividend paid	–	31,700,000
Dividend Declared – 2008 AGM	31,700,000	–
	31,700,000	57,700,000

The dividend chargeable to the profit and loss account is recognized in line with SAS 23, whereby dividend declared is reported in the Accounts in the year the dividend is declared.

21. SHAREHOLDING STRUCTURE

The Directors' interests both direct and indirect in the share Capital of the Company as at the balance sheet date were:-

	%	%
Richard T. Akerele	20.42	22.03
Markus Oberholzer	14.24	14.24
Bayo Adeniji & Deji Alli – Indirect only	40.52	42.28
Others – Less than 5 percent	24.82	21.45
	100.00	100.00

Included in others are the following Directors with shareholding interest as follows:

	Ordinary Shares Held	
Amb. (Dr.) Patrick Dele Cole	1,500,000	1,500,000
Otunba S. K. Onafowokan	3,260,000	3,260,000

Notes to the Accounts... cont'd

	2008	2007
22. AGGREGATE EMPLOYEES EMOLUMENTS		
Directors Emoluments and Fees	N	N
Chairman's fee	5,000,000	4,000,000
Other Directors fees	5,375,000	2,750,000
Executive Director Salaries	<u>67,323,450</u>	<u>97,013,994</u>
	<u>77,698,450</u>	<u>103,763,994</u>
Highest Paid Director's Emolument	<u>55,200,000</u>	<u>59,800,000</u>
Management staff	204,837,508	243,713,642
Senior Staff	132,211,008	92,448,811
Junior Staff	241,976,232	172,488,811
	<u>579,024,748</u>	<u>508,651,264</u>
	Number	Number
Executive Directors	2	3
Management staff	8	55
Senior Staff	248	176
Junior Staff	534	531
	<u>792</u>	<u>765</u>
SALARY RANGE		
Executive Directors		
5,000,000 to 10,000,000	–	–
10,000,001 to 20,000,000	1	1
20,000,001 and above	1	2
Other Employees		
Less than 500,000	612	602
500,001 to 1,000,000	134	114
1,000,001 to 2,000,000	37	41
2,000,001 to 5,000,000	6	5
5,000,001 to 10,000,000	1	–

Notes to the Accounts... cont'd

	2008	2007
	N	N

23. RELATED PARTIES ACCOUNT

Rical Enterprises Ltd	–	61,054,931
Dromoto International Ltd	90,000,000	158,562,120
First Catering Produktion A.G	2,221,001	4,327,855

The above balances represent the amount due to related companies. The Company engaged in business relationship with the above named Companies that fall within the definition of related party. The Company's management considers such transaction to be in the normal course of business and at terms which correspond to those conducted at an arm's length with third parties.

24. SUBSIDIARY COMPANY

The Company acquired Reacon Duty Free Limited as a wholly owned subsidiary in 2006. The result of the subsidiary company does not form part of this financial statement. See note 7 for details.

25. MANAGEMENT SUPPORT SERVICES

Under the management agreement, Dromoto International Limited, British Virgins Island is to provide the Company management support services for the In-flight catering operations.

26. COMPARATIVE FIGURES

Certain comparative figures have been restated in line with the current year's presentation to make for more meaningful comparison.

27. POST BALANCE SHEET EVENT

There were no post balance sheet events that are likely to have had material effect on the state of affairs of the Company as at 31st December, 2008

Statement of Value Added

For The Year Ended 31st December, 2008

	2008		2007	
	N		N	
Turnover	3,613,602,308		3,471,155,556	
Bought-In-Material & Services	2,649,496,933		2,344,621,533	
Value Added	<u>964,105,376</u>		<u>1,126,534,023</u>	
APPLIED AS FOLLOWS :				
	%		%	
Employees – Salaries	68.12	656,723,198	54.36	612,415,258
Loan Capital – Interest	4.41	42,480,982	3.68	41,420,615
Fixed Assets Replacement – Depreciation	15.97	153,993,754	13.31	149,937,513
Shareholders – Dividend	3.29	31,700,000	5.12	57,700,000
Retained Earnings for Future Expansion	8.22	79,207,442	23.53	265,060,637
	<u>100.00</u>	<u>964,105,376</u>	<u>100.00</u>	<u>1,126,534,023</u>

“Value Added represents the additional wealth the Company has been able to create by its own and its employee’s efforts. This statement shows the allocation of that wealth between Employees, capital providers and that retained for future creation of more wealth”.

Five Years Financial Summary

	31st Dec 2008 N'000	31 st Dec 2007 N'000	31 st Dec 2006 N'000	31 st March 2006 N'000	31stMarch 2005 N'000
CAPITAL EMPLOYED					
Share Capital	317,000	317,000	260,000	26,000	26,000
Shareholders Deposit	–	–	–	35,667	35,667
Revenue Reserve	665,821	563,565	298,504	134,865	168,506
Reserve for Bonus Issue	–	–	–	234,000	–
Share Premium	342,000	342,000	–	–	–
	<u>1,324,821</u>	<u>1,222,565</u>	<u>558,504</u>	<u>430,532</u>	<u>230,173</u>
ASSETS EMPLOYED					
Fixed Assets	818,052	799,607	814,456	789,880	690,500
Investment	64,347	–	–	–	–
Non Current Assets	1,096,589	1,067,884	–	–	–
Net Current Assets	(126,166)	(530,225)	30,435	1,596	(36,322)
Loan	(528,000)	(114,701)	(286,387)	(360,944)	(424,005)
	<u>1,324,821</u>	<u>1,222,565</u>	<u>558,504</u>	<u>430,532</u>	<u>230,173</u>
OPERATING RESULT					
Turnover	<u>3,601,021</u>	<u>3,471,156</u>	<u>1,847,472</u>	<u>1,646,239</u>	<u>910,297</u>
Profit Before Tax	213,293	322,761	179,239	206,563	29,534
Taxation	–	–	–	6,204	2,478
	<u>213,293</u>	<u>322,761</u>	<u>179,239</u>	<u>200,359</u>	<u>27,056</u>
Profit After Tax	213,293	322,761	179,239	200,359	27,056
Exceptional Item	(102,386)	–	–	–	–
Dividend	(31,700)	(57,700)	(15,600)	–	–
	<u>79,207</u>	<u>265,061</u>	<u>163,639</u>	<u>200,359</u>	<u>27,056</u>
Profit After Dividend	79,207	265,061	163,639	200,359	27,056
Earnings Per Share (50 kobo)	0.17	0.51	0.34	3.85	0.52
Dividend Per Share (50 kobo)	0.05	0.09	0.03	–	–
Net Assets Per Share (50 kobo)	2.09	1.93	1.07	7.59	3.74

Proxy Form

AIRLINE SERVICES & LOGISTICS PLC

13TH ANNUAL GENERAL MEETING TO BE HELD AT 12PM ON THURSDAY,
MAY 28, 2009 AT METROPOLITAN HOTEL, MURTALA MUHAMMED HIGHWAY,
CALABAR, CROSS RIVER STATE.

I/We*, _____ of _____ being a member/members of Airline Services &

Logistics Plc hereby appoint** _____ of _____ or failing him the Chairman of the meeting to act as my/our proxy and vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held on Thursday, May 28 2009 and at any adjournment thereof.

Dated this _____ day of _____ 2009

Signed _____

S/No.	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended December 31, 2008 together with the reports of the Chairman, Directors, and Auditors thereon.		
2.	To declare a dividend		
3.	To re-elect Directors retiring by rotation.		
4.	To authorize the Directors to fix the remuneration of the External Auditors.		
5.	To elect the members of the Audit Committee.		

Please indicate with "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

NOTE

1. A member (shareholder) entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. The above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, however, if you wish, you may insert in the blank space on the form (marked**) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

IF YOU ARE UNABLE TO ATTEND THE MEETING, READ THE FOLLOWING INSTRUCTIONS VERY CAREFULLY:

- (a) Write your name in BLOCK LETTER on the proxy form where marked* in the case of joint shareholders, any one of them may complete this form but the names of all joint holders must be inserted.
- (b) Write the name of your proxy (if any) where marked*
- (c) Please sign and post the proxy form so as to reach the address overleaf not less than 48 hours before the time fixed for the meeting.
- (d) If executed by a corporate body, the proxy form should be sealed with the Common Seal.
- (e) The proxy must produce the Admission form to obtain entrance to the Meeting.

This Proxy Form should NOT be completed and sent to the Company if the member will be attending the meeting.

Before posting the above form, please tear off this part and retain it for admission to the meeting.

ADMISSION FORM

AIRLINE SERVICES & LOGISTICS PLC

13TH ANNUAL GENERAL MEETING

Please admit only the Shareholder named on this form or his duly appointed Proxy to the Annual General Meeting being held at the Metropolitan Hotel, Murtala Muhammed Highway, Calabar, Cross River State on Thursday, May 28, 2009 at 12 noon.

Name of shareholder (S) _____ Signature of Person attending*** _____

NOTE

***You are requested to sign this form at the entrance to the venue of the Annual General Meeting.

Notes to the Proxy

Notes:

1. PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A proxy form is attached to the Annual Report and to be effective, all instruments of proxy should be completed, duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrar of the Company, Meristem Registrars, 305, Herbert Macaulay Way, Sabo-Yaba, Lagos not later than 48 hours before the time fixed for the meeting. A corporate member of the Company is required to execute a proxy under seal.

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from the April 21, 2009 to May 12, 2009 to May 18, 2009 (both days inclusive).

3. PAYMENT OF DIVIDEND

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on June 4, 2009 to members at the close of business on April 21, 2009.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.