



QUARTERLY PERFORMANCE REPORT
PERIOD ENDING 31st March 2011

PERFORMANCE INDICATORS

	Profit & Loss Account	Last quarter			Cumulative		
		Actual Q3 2010/2011	Budget Q3 2010/2011	variance	Actual 2010/2011	Budget 2010/2011	variance Kshs 000
1.0	Revenue						
1.1	Aeronautical Revenue	1,479,550	1,219,296	260,254	4,307,399	3,656,087	651,312
1.2	Non-Aeronautical Revenue	390,567	394,750	(4,183)	1,207,788	1,193,625	14,162
	Total revenue	1,870,116	1,614,046	256,071	5,515,187	4,849,713	665,474
2.0	Operating Expenses						
2.1	Wages & Salaries	534,425	536,735	2,310	1,586,769	1,610,206	23,437
2.2	Administration expenses	240,147	241,736	1,589	766,533	859,000	92,467
2.3	Purchase of Stores and spares	24,725	26,744	2,020	67,165	82,693	15,528
2.4	Repairs and Maintenance	66,006	112,507	46,502	198,340	338,910	140,570
2.5	Depreciation & Amortization	202,855	202,855	-	608,565	608,565	-
2.6	Other operational costs	34,604	13,339	(21,265)	66,856	40,160	(26,696)
	Total recurrent costs	1,102,761	1,133,917	31,156	3,294,228	3,539,535	245,306
	Operating profit	767,356	480,129	287,227	2,220,958	1,310,178	910,780
2.7	Finance charge	2,129	-	(2,129)	46,942	120,389	73,446
3.0	Profit before tax	765,226	480,129	285,097	2,174,016	1,189,789	984,227

COMMENTS ON ANY VARIANCE(UN) FAVOURABLE, CAUSES AND ANY ACTION TAKEN

1.1 Revenues

The quarter under review recorded higher revenues of Kshs.1.8 billion against the target of Kshs. 1.6 billion due to;

1. Landing and parking fees:

Depreciation of the Kenya Shilling against the US dollar.

- The exchange rate for the Kenya Shilling to the US dollar depreciated from the budget figure of Kshs.75 to reach an average of Kshs.83 during the period under review. The revenues from landing fees and Passenger Service Charge are billed in US dollars.

Enhanced aircraft movements than anticipated during the budget.

- The following airlines increased frequencies, which was not foreseen as shown below;

Jomo Kenyatta International Airport

- Saudi Air introduced a MD11 for its cargo operations although it is on adhoc basis
- Emirates added a B747 for the cargo operations although it is on adhoc basis
- Ethiopian Airlines increased frequencies from 2 to 3 per day.
- South African Airways used bigger plane A340 instead of B737.

Moi International Airport

- Kenya Airways operated six International flights to West Africa which had not been factored in the budgeted.
- KQ increased frequency to MIA from 10 to 11.
- Ethiopian Airlines increased frequencies from 12 to 15 during the period
- Blue Panorama Increased its frequencies from 2 to 6.

- Air Uganda increased flights from 3 to 4 which had not been anticipated during budgeting.
- Air Italy increased its frequencies from 3 to 7 due to high season.
- Meridiana Increased frequencies from a budgeted figure of 4 to 9 in January.

Wilson Airport

- New Airlines such as Skyward, Helicopters charters, Fly540 and Freedom Air Express started operations during the quarter.

Kisumu Airport

- Kenya Airways introduced a midday flight
- JetLink

Eldoret International Airport

Manda Airstrip

Ukunda Airstrip

- Air Kenya
- SafariLink
- Fly540
- Mombasa Air
- Blue Sky

Lokichoggio Airport

- Kenya Airways increased flights from 29 to 32
- Fly 540

Wajir Airport

2. Passenger Service Charge

Overall, increased by 23% due to improved passenger movements in our airports. The table below shows growth in major selected airports.

Station	Description	Budgeted Pax	Actual Pax	Variance	% Variance
JKIA	International	270,000	314,006	44,006	16%
	Domestic	105,000	121,738	16,738	16%
MIA	International	89,000	105,079	16,079	18%
	Domestic	233,504	77,304	77,304	#DIV/0!
EIA	International	-	-	-	-
	Domestic	31,781	38,067	6,286	20%
WAP	International	6,636	8,705	2,069	31%
	Domestic	88,363	93,332	4,969	6%

3. Rental Income

The reduction was due to the following;

- Space previously occupied by Cargo Service Centre not yet occupied.
- The Petrol station not yet allocated
- Rental spaces at Cargo village not yet occupied and office surrendered by InterContinental hotel is still vacant.
- Orgam Safaris surrendered space at Kisumu Airport
- East African Safari Air Express surrendered their offices and not yet occupied.

4. Advertisement income

This income increased by 3% as a result of new advertising rates increase of 20%. There was more space sold to new tenants; eg, Nokia, CFC bank, and UAB bank, and Backlite ltd.

1.2 Expenditure

The actual total expenditure was Kshs.1.8 billion, which has a favourable variance of Kshs.311 million when compared to the budget a target of

Kshs.2.1 billion. This was due to reasons explained below;

- Staff costs- the
- Purchase of stores – the favourable variance can be explained on the basis that the budgeted figure is assumed to be incurred uniformly throughout the year. However, this will cancel out as bulk purchases are scheduled in the third and fourth quarters for printing materials and toners.
- Staff transport- the contract for outsourcing of staff transport was awarded but
- Cleansing services- the favourable variance is due to anticipated increase in rates as the new contract has expired and due for renewal in the 4th quarter.
- Repairs and maintenance has a favourable variance of 42% compared to the budget, mainly because the process of procuring the items took more time than initially planned and has extended to the third quarter. However the following works were awarded during the quarter:
 - Fabrication of aircraft equipment
 - Spares for screening machines
 - Spares for the conveyor belts
 - Repair of control system
 - Spares for fire vehicles and purchase of tyres
 - Refurbishment of fire station
 - Purchase of road marking and runway remarking paints
 - Rehabilitation of concrete slabs and drainage system at MIA of Terminal 11 and Parking ground
 - Installation of signages and concrete furniture at Parking ground
 - Replacement of vandalized chain link fence at MIA
 - Fixing of fabricated mild steel gauge 16 airside warning and Crash gates at MIA.

1.3 Pre-tax profit

The actual pre-tax profit for the period was Kshs. 677 million against the target of Kshs. 329 million. This was mainly due to the factors as explained in 1.1 and 1.2 above.

