



**UNAUDITED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 JUNE 2019**

uac of nigeria plc RC 341

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Directors: Dan Agbor (Chairman); Folasope Aiyesimoju (GMD/CEO); Dr. Vitus Ezinwa (ED); Ibikunle Oriola (ED); Dr. Umaru Alka; Mrs. Awuneba Ajumogobia; Babatunde Kasali; Dr. Okechukwu Mbonu; Bolaji Odunsi, Peter Mombaur (German) Alternate to Bolaji Odunsi.

UAC of Nigeria Plc
Index to the unaudited consolidated financial statements
for the period ended 30 June 2019

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**Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 June 2019**

| | Notes | The Group | | | |
|--|-------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 3 months to June 2019 N'000 | 6 months to June 2019 N'000 | 3 months to June 2018 N'000 | 6 months to June 2018 N'000 |
| Continuing operations | | | | | |
| Revenue | 3 | 20,943,605 | 41,568,913 | 18,670,126 | 36,982,103 |
| Cost of sales | | (16,767,076) | (32,935,095) | (14,670,878) | (29,417,347) |
| Gross profit | | 4,176,530 | 8,633,817 | 3,999,247 | 7,564,756 |
| Other operating income | 4 | 133,709 | 222,385 | 531,178 | 811,290 |
| Selling and distribution expenses | 5 | (1,320,259) | (2,726,079) | (1,401,403) | (2,443,071) |
| Administrative expenses | 5 | (1,509,537) | (3,055,291) | (1,637,652) | (3,211,338) |
| Other operating losses | 4(i) | - | (103,831) | (3,500) | (3,500) |
| Operating profit | | 1,480,443 | 2,971,001 | 1,487,870 | 2,718,138 |
| Finance income | 6 | 714,694 | 1,654,702 | 632,499 | 1,335,141 |
| Finance cost | 6 | (870,162) | (1,818,561) | (1,262,952) | (2,412,082) |
| Net finance cost | | (155,468) | (163,859) | (630,453) | (1,076,941) |
| Share of profit of associates and joint venture using the equity method | 13.3 | 584,617 | 584,617 | 271,332 | 461,116 |
| Profit before tax | | 1,909,592 | 3,391,759 | 1,128,750 | 2,102,313 |
| Income Tax Expense | | (512,876) | (957,526) | (316,050) | (588,648) |
| Profit after tax for the period from continuing operations | | 1,396,716 | 2,434,233 | 812,700 | 1,513,665 |
| Discontinued operations | | | | | |
| Profit/(Loss) after tax for the period from discontinued operations | 26 | 201,757 | 160,228 | (112,152) | (222,985) |
| Profit for the period | | 1,598,472 | 2,594,461 | 700,548 | 1,290,680 |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | 1,092,292 | 1,772,885 | 377,306 | 695,143 |
| Non controlling interests | | 506,181 | 821,576 | 323,242 | 595,537 |
| | | 1,598,472 | 2,594,461 | 700,548 | 1,290,680 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 1,092,292 | 1,770,799 | 377,306 | 695,143 |
| Non controlling interests | | 506,181 | 823,662 | 323,242 | 595,537 |
| | | 1,598,472 | 2,594,461 | 700,548 | 1,290,680 |
| Earnings per share attributable to owners of the parent during the period (expressed in Naira per share): | | | | | |
| Basic Earnings Per Share | | | | | |
| From continuing operations | 7 | 31 | 56 | 17 | 32 |
| From discontinued operations | 7 | 7 | 6 | (4) | (8) |
| From profit for the period | | 38 | 62 | 13 | 24 |
| Diluted Earnings Per Share | | | | | |
| From continuing operations | 7 | 31 | 56 | 17 | 32 |
| From discontinued operations | 7 | 7 | 6 | (4) | (8) |
| From profit for the period | | 38 | 62 | 13 | 24 |

UAC of Nigeria Plc

Unaudited Consolidated Statement of Financial Position
as at 30 June 2019

| | Notes | The Group | |
|---|-------|--------------------|--------------------|
| | | 30 Jun 19 N'000 | 31 Dec 18 N'000 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 21,768,004 | 21,824,121 |
| Intangible assets and goodwill | 9 | 1,474,433 | 1,525,656 |
| Investment property | 10 | 5,908,500 | 7,196,663 |
| Investments in associates and joint ventures | 13 | 20,676,083 | 20,091,466 |
| Right of use assets | 13.4 | 2,971,556 | - |
| Equity instrument at fair value through other comprehensive income | 12 | 47,729 | 40,000 |
| Prepayment | 16 | 17,835 | 8,706 |
| Deferred tax asset | | 90,144 | 90,144 |
| | | 52,954,283 | 50,776,755 |
| Current assets | | | |
| Inventories | 14 | 26,186,543 | 30,525,636 |
| Trade and other receivables | 16 | 11,157,874 | 10,233,691 |
| Cash and Cash equivalents | 17 | 26,417,984 | 30,275,249 |
| Right of return assets | 3(ii) | 7,489 | 7,916 |
| | | 63,769,890 | 71,042,492 |
| Assets of disposal group classified as held for sale/distribution to owners | 26 | 8,407,449 | 9,273,914 |
| Total assets | | 125,131,622 | 131,093,162 |
| Equity and Liabilities | | | |
| Ordinary share capital | 23 | 1,440,648 | 1,440,648 |
| Share premium | | 18,509,120 | 18,509,120 |
| Contingency reserve | | 28,575 | 28,575 |
| Fair value/available for sale reserve | | 14,789 | 14,789 |
| Retained earnings | | 38,064,849 | 38,135,993 |
| Equity attributable to equity holders of the Company | | 58,057,982 | 58,129,126 |
| Non controlling interests | | 15,772,812 | 16,078,903 |
| Total equity | | 73,830,794 | 74,208,029 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | 7,839,821 | 4,500,793 |
| Deferred tax liabilities | | 4,699,779 | 4,707,053 |
| Lease Liability | 13.5 | 1,497,474 | - |
| Deferred revenue | 20 | 1,088 | 1,577 |
| Provisions | 22 | 10,874 | 10,874 |
| | | 14,049,036 | 9,220,297 |
| Current liabilities | | | |
| Trade and other payables | 19 | 15,750,177 | 15,437,697 |
| Contract liabilities | | 12,940 | 55,373 |
| Current income tax liabilities | | 6,224,665 | 6,336,866 |
| Bank overdrafts and current portion of borrowings | 18 | 9,161,647 | 19,671,568 |
| Dividend payable | 21 | 4,899,962 | 4,899,962 |
| Deferred revenue | 20 | 156,118 | 211,736 |
| Lease Liability | 13.5 | 17,415 | - |
| Provisions | 22 | 93,085 | 93,085 |
| Refund liabilities | 3(ii) | 8,535 | 9,167 |
| | | 36,324,544 | 46,715,454 |
| Liabilities of disposal group classified as held for sale/distribution to owners | 26 | 927,249 | 949,382 |
| Total liabilities | | 51,300,828 | 56,885,133 |
| Total equity and liabilities | | 125,131,622 | 131,093,162 |

The financial statements and the notes on pages 5 to 19 were approved and authorised before issue by the board of directors on 30 July 2019 and were signed on its behalf by:



Mr. Dan Agbor
Chairman
FRC/2013/NBA/00000001748



Mr. Folasope Aiyesimoju
Group Managing Director
FRC/2019/IODN/00000019806



Mr. Ibikunle Oriola
Group Finance Director
FRC/2013/ICAN/00000004372

The notes on pages 5 to 19 are an integral part of these financial statements.

UAC of Nigeria Plc
Unaudited Consolidated Statement of Changes in Equity
for the period ended 30 June 2019

| The Group | | | | | | | | | |
|--|-------|---------------------------------------|------------------------|------------------------------|--|----------------------------|-----------------------------------|-------------------|-------------------|
| | Notes | Attributable to owners of the Company | | | | | Non controlling Interest N'000 | Total N'000 | |
| | | Share Capital N'000 | Share Premium N'000 | Contingency reserve N'000 | Fair value/available for sale Reserve N'000 | Retained Earnings N'000 | | | Total N'000 |
| Balance at 1 January 2018 | | 960,432 | 3,934,536 | 28,575 | (1,990) | 45,824,036 | 50,745,590 | 21,377,429 | 72,123,019 |
| Profit and loss | | - | - | - | - | (6,089,961) | (6,089,961) | (3,494,653) | (9,584,614) |
| Other comprehensive income | | | | | | | | | |
| Net changes in fair value of financial assets | 12 | - | - | - | 14,789 | - | 14,789 | 14,210 | 28,999 |
| Transactions with non-controlling interests | | | | | | | | | |
| Acquisition of non-controlling interests - Grand Cereals Limited and CAP Plc | | - | - | - | - | 276,750 | 276,750 | (276,750) | - |
| Transactions with Equity holders | | | | | | | | | |
| Rights issue fully subscribed | | 480,216 | 14,574,584 | - | - | - | 15,054,800 | - | 15,054,800 |
| Reversal of available for sale reserve due to disposal | | - | - | - | 1,990 | (1,990) | - | - | - |
| Dividends | | - | - | - | - | (1,872,843) | (1,872,843) | (1,541,332) | (3,414,175) |
| Balance at 31 December 2018 | | 1,440,648 | 18,509,120 | 28,575 | 14,789 | 38,135,993 | 58,129,126 | 16,078,903 | 74,208,029 |
| Balance at 1 January 2019 | | 1,440,648 | 18,509,120 | 28,575 | 14,789 | 38,135,993 | 58,129,126 | 16,078,903 | 74,208,029 |
| Profit and loss | | - | - | - | - | 1,772,885 | 1,772,885 | 821,576 | 2,594,461 |
| Transactions with Equity holders | | | | | | | | | |
| Dividends | | - | - | - | - | (1,844,029) | (1,844,029) | (1,127,667) | (2,971,696) |
| Balance at 30 June 2019 | | 1,440,648 | 18,509,120 | 28,575 | 14,789 | 38,064,849 | 58,057,982 | 15,772,812 | 73,830,794 |

| The Group | | | | | | | | | |
|--|-------|---------------------------------------|------------------------|------------------------------|-------------------------------------|----------------------------|-----------------------------------|-------------------|-------------------|
| | Notes | Attributable to owners of the Company | | | | | Non controlling Interest N'000 | Total N'000 | |
| | | Share Capital N'000 | Share Premium N'000 | Contingency reserve N'000 | Available for sale Reserve N'000 | Retained Earnings N'000 | | | Total N'000 |
| Balance at 1 January 2018 | | 960,432 | 3,934,536 | 28,575 | (1,990) | 46,827,439 | 51,748,993 | 21,377,429 | 73,126,422 |
| Profit and loss | | - | - | - | - | 695,143 | 695,143 | 595,537 | 1,290,680 |
| Transactions with non-controlling interests | | | | | | | | | |
| Acquisition of non-controlling interests - Grand Cereals Limited and CAP Plc | | - | - | - | - | 270,834 | 270,834 | (270,834) | - |
| Transactions with Equity holders | | | | | | | | | |
| Rights issue fully subscribed | | 480,216 | 14,574,584 | - | - | - | 15,054,800 | - | 15,054,800 |
| Reversal of available for sale reserve due to disposal | | - | - | - | 1,990 | (1,990) | - | - | - |
| Dividends | | - | - | - | - | (1,872,843) | (1,872,843) | (963,346) | (2,836,189) |
| Balance at 30 June 2018 | | 1,440,648 | 18,509,120 | 28,575 | - | 45,918,583 | 65,896,927 | 20,738,786 | 86,635,712 |

UAC of Nigeria Plc

**Unaudited Consolidated statement of cash flow
for the period ended 30 June 2019**

| | Notes | The Group | |
|--|--------------|---------------------|--------------------|
| | | 30 Jun 19 N'000 | 30 Jun 18 N'000 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 24 | 7,139,172 | 2,444,189 |
| Corporate tax paid | | (500,106) | (1,015,076) |
| VAT paid | | (489,925) | (393,850) |
| Interest received | | 1,654,702 | 1,335,141 |
| Interest paid | | (1,818,561) | (2,412,082) |
| Net cash flow generated from operating activities | | 5,985,282 | (41,677) |
| Cash flows from investing activities | | | |
| Purchase of Intangible assets | | - | (5,119) |
| Purchase of property, plant and equipment | | (1,050,933) | (670,318) |
| Proceeds from sale of property, plant and equipment | | 45,340 | 65,673 |
| Purchase of investment properties | | (838) | (1,094) |
| Proceeds from sale of investment properties | | 1,241,809 | 712,321 |
| Cash Distribution from UPDC REIT | | - | 16,789 |
| Net cash generated from investing activities | | 235,379 | 118,251 |
| Cash flows from financing activities | | | |
| Dividends paid to non controlling interests | | (1,127,667) | (963,346) |
| Dividends paid to Company shareholders | | (1,844,029) | (1,830,540) |
| Proceeds from borrowings | | - | 3,321,365 |
| Proceeds from rights issue | | - | 16,113,352 |
| Rights issue expenses | | - | (312,115) |
| Repayment of borrowings | | (7,170,894) | (2,669,734) |
| Proceeds of capital injection by non-controlling interest | | 66,640 | - |
| Net cash flow used in financing activities | | (10,075,950) | 13,658,982 |
| Net increase in cash & cash equivalents | | (3,855,290) | 13,735,555 |
| Cash & cash equivalents at the beginning of the year | | 30,275,249 | 11,140,572 |
| Cash & cash equivalents at the end of the period after adjusting for bank overdraft | 17(i) | 26,417,984 | 24,876,127 |

UAC of Nigeria Plc

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

UAC of Nigeria Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group is a diversified business with activities in the following principal sectors: Animal Feeds, Paints, Packaged Foods, Quick Service Restaurants, Logistics and Real Estate. The address of the registered office is 1-5, Odunlami Street, Lagos.

The company is a public limited company, which is listed on the Nigerian Stock Exchange domiciled in Nigeria.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with IAS 34. The financial statements have been prepared on a historical cost basis except for investment property, held for trading and available for sale financial instruments which are carried at fair value.

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December 2018.

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

2.4 Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

This interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2018. There have been no changes in the risk management structure since year end or in any risk management policy.

UAC of Nigeria Plc
Notes to the Unaudited Consolidated financial statements
for the period ended 30 June 2019

3. Segment Analysis

The Group

The chief operating decision-maker has been identified as the Executive Committee (Exco), made up of the management of the company. The Exco reviews the Group's internal reporting in order to assess performance and allocate resources.

Management has determined the operating segments based on these reports.

The Group has identified the following as segments:

Animal Feeds - Made up of business units involved in the manufacturing and sale of livestock feeds and edible oil.

Paints - Made up of business units involved in the manufacturing and sale of paints products and other decoratives.

Packaged Food - Made up of a business unit involved in the manufacturing and sale of bottled water, snacks and ice-cream.

QSR (Quick Service Restaurants) - Made up of a business unit involved in the making and sale of food items.

Logistics - Made up of a business unit involved in rendering logistics and supply chain services including warehousing, transportation and redistribution services.

Real Estate - Made up of a business unit involved in real estate development, management and owners of Golden Tulip Hotel, Festac, Lagos.

Others - This is a non-reportable segments made up of corporate head office.

The following measures are reviewed by Exco; with **Profit Before Tax** taken as the segment profit.

- Revenue to third parties
- Operating profit
- Profit before tax
- Property, plant and equipment
- Net assets

| | Animal Feeds | Paints | Packaged Food | QSR | Logistics | Real Estate | Others | Total |
|--|--------------|-----------|---------------|----------|-----------|-------------|------------|-------------|
| 30 June 2019 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Total Revenue | 24,803,336 | 5,265,540 | 8,697,890 | 713,155 | 2,824,656 | 1,492,429 | 362,662 | 44,159,667 |
| Intergroup revenue | (1,518,945) | (30,189) | (374,579) | - | (379,036) | (35,793) | (252,214) | (2,590,755) |
| Revenue to third parties | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | 2,445,620 | 1,456,636 | 110,448 | 41,568,913 |
| Operating profit/(loss) | 808,234 | 1,127,744 | 888,454 | 4,231 | 436,461 | (45,468) | (248,654) | 2,971,001 |
| Profit/(loss) before tax | 121,239 | 1,369,620 | 1,173,018 | (12,461) | 438,328 | (1,032,385) | 1,334,401 | 3,391,759 |
| Loss after tax for the year from discontinued operations | 295,565 | - | - | - | - | (135,337) | - | 160,228 |
| Property, plant and equipment | 12,976,004 | 1,680,991 | 2,741,531 | 252,685 | 3,361,130 | 34,789 | 720,873 | 21,768,004 |
| Net assets | 16,551,021 | 3,464,317 | 6,379,215 | 499,990 | 4,705,234 | 16,836,945 | 25,394,071 | 73,830,794 |

| | Animal Feeds | Paints | Packaged Food | QSR | Logistics | Real Estate | Other | Total |
|--|--------------|-----------|---------------|---------|-----------|-------------|------------|-------------|
| 30 June 2018 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Total Revenue | 19,599,807 | 5,273,112 | 8,387,477 | 611,006 | 3,019,349 | 1,200,109 | 318,802 | 38,409,663 |
| Intergroup revenue | (638,634) | (11,276) | (42,242) | - | (462,664) | (43,811) | (228,933) | (1,427,560) |
| Revenue to third parties | 18,961,173 | 5,261,835 | 8,345,235 | 611,006 | 2,556,685 | 1,156,298 | 89,870 | 36,982,103 |
| Operating profit/(loss) | 651,074 | 1,308,991 | 603,394 | 3,738 | 530,624 | 227,742 | (607,426) | 2,718,137 |
| (Loss)/Profit before tax | (72,780) | 1,478,235 | 851,066 | 6,414 | 575,000 | (1,525,025) | 789,403 | 2,102,312 |
| Loss after tax for the year from discontinued operations | - | - | - | - | - | (227,747) | 4,762 | (222,985) |
| Property, plant and equipment | 11,941,741 | 1,568,687 | 3,205,627 | 263,956 | 3,434,005 | 60,590 | 671,020 | 21,145,626 |
| Net assets | 17,001,795 | 3,576,519 | 6,694,087 | 403,072 | 4,824,935 | 31,866,822 | 22,343,783 | 86,711,013 |

Entity wide information

Analysis of revenue by category:

Sale of goods
Revenue from services

| | 30 Jun 2019 | 30 Jun 2018 |
|-----------------------|-------------------|-------------------|
| | N'000 | N'000 |
| Sale of goods | 39,012,844 | 34,335,548 |
| Revenue from services | 2,556,069 | 2,646,555 |
| Total | 41,568,913 | 36,982,103 |

Analysis of revenue by geographical location:

Nigeria

| | 30 Jun 2019 | 30 Jun 2018 |
|--------------|-------------------|-------------------|
| | N'000 | N'000 |
| Nigeria | 41,568,913 | 36,982,103 |
| Total | 41,568,913 | 36,982,103 |

Concentration risk

The Group is not exposed to any concentration risk, as there is no single customer with a contribution to revenue of more than 10%.

Disaggregated Revenue

Group

| Segments | For the period 30 June 2019 | | | | | | | |
|--|-----------------------------|------------------|------------------|----------------|------------------|------------------|----------------|-------------------|
| | Animal Feeds | Paint | Packaged Food | QSR | Logistics | Real Estate | Others | Total |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Revenue from contracts with customers | | | | | | | | |
| Sale of goods | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | - | 1,456,636 | - | 39,012,844 |
| Rendering of service | - | - | - | - | 2,445,620 | - | 110,448 | 2,556,069 |
| Total | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | 2,445,620 | 1,456,636 | 110,448 | 41,568,913 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| Geographical Markets | | | | | | | | |
| Nigeria | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | 2,445,620 | 1,456,636 | 110,448 | 41,568,913 |
| Total | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | 2,445,620 | 1,456,636 | 110,448 | 41,568,913 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| Timing of revenue | | | | | | | | |
| Goods transferred at a point in time | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | - | 1,456,636 | - | 39,012,844 |
| Services transferred over time | - | - | - | - | 2,445,620 | - | 110,448 | 2,556,069 |
| Total | 23,284,391 | 5,235,351 | 8,323,311 | 713,155 | 2,445,620 | 1,456,636 | 110,448 | 41,568,913 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

3(ii). Right of return assets and refund liabilities

| | The Group | |
|---|--------------------|--------------------|
| | 30 Jun 2019 | 31 Dec 2018 |
| | N'000 | N'000 |
| Right of return assets | 7,489 | 7,916 |
| Refund liabilities | | |
| - Arising from retrospective volume rebates | - | - |
| - Arising from rights of return | 8,535 | 9,167 |
| | 8,535 | 9,167 |

Group/Company

Right of return of assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Group/Company

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

4. Other operating income

| | The Group | |
|--|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | N'000 | N'000 |
| Profit on sales of Property, Plant and Equipment | 29,647 | 18,138 |
| Profit on sales of Investment Property | - | 24,496 |
| Profit on sales of financial assets | - | 1,591 |
| Government grant | 59,507 | 139,922 |
| Commission fees from property sold* | - | 310,000 |
| Other income** | 133,230 | 317,143 |
| Total other operating income | 222,385 | 811,290 |

***Other income**

Other income includes sales commission received on sales of third party properties, service charges and income from professional services, insurance claims, sale of scraps etc.

4(i). Other operating losses

| | The Group | |
|--------------------------------------|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | N'000 | N'000 |
| Loss on sales of Investment Property | (103,831) | - |
| Losses on completed projects* | - | (3,500) |
| Total other operating losses | (103,831) | (3,500) |

***Losses on completed projects**

Losses are additional losses made post project completion.

5(a) . Expenses by nature

| | The Group | |
|---|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | N'000 | N'000 |
| Changes in inventories of finished goods and work in progress | 26,297,809 | 23,181,907 |
| Personnel expenses | 4,394,882 | 4,078,037 |
| Depreciation | 946,541 | 1,029,381 |
| Amortisation of intangibles | 51,223 | 68,624 |
| Impairment of Property, Plant and Equipment | 119,648 | - |
| Allowance for /(recovery from) receivables impairment | (177,961) | (17,588) |
| Royalty fees | 73,651 | 76,173 |
| Rents & Rates | 370,277 | 601,938 |
| Electricity & power | 1,301,882 | 1,032,536 |
| Vehicles repairs, maintenance & fueling | 404,193 | 433,452 |
| Other repairs & maintenance | 562,614 | 528,278 |
| Auditors' remuneration | 80,758 | 83,919 |
| Information technology charge | 172,335 | 186,970 |
| Legal expenses | 100,825 | 49,624 |
| Donations & Subscriptions | 24,482 | 43,035 |
| Insurance | 115,374 | 107,547 |
| Distribution expenses | 1,289,172 | 1,033,666 |
| Marketing, Advertising & Communication | 316,799 | 379,003 |
| Sundry office expenses | 2,239,987 | 2,175,254 |
| | 38,716,465 | 35,071,755 |

5(b). Expenses by function

Analysed as:

| | | |
|-----------------------------------|-------------------|-------------------|
| Cost of sales | 32,935,095 | 29,417,347 |
| Selling and distribution expenses | 2,726,079 | 2,443,071 |
| Administrative expenses | 3,055,291 | 3,211,338 |
| | 38,716,465 | 35,071,755 |

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6. Net finance income/(cost)

| | The Group | |
|---|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | N'000 | N'000 |
| Interest income on short-term bank deposits | 1,654,702 | 1,335,141 |
| Finance Income | 1,654,702 | 1,335,141 |
| Interest on bank loans | 1,818,561 | 2,363,215 |
| Interest on bank overdraft | - | 48,867 |
| Finance Costs | 1,818,561 | 2,412,082 |
| Net finance (cost) / income | (163,859) | (1,076,941) |

7. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

| | The Group | |
|---|------------------|----------------|
| | 2019 | 2018 |
| | N'000 | N'000 |
| Profit attributable to ordinary equity shareholders: | | |
| Profit from continuing operations | 1,612,657 | 918,128 |
| Profit/(loss) from discontinued operations | 160,228 | (222,985) |
| Profit for the period | 1,772,885 | 695,143 |
| Basic earnings per share | | |
| From continuing operations | 56 | 32 |
| From discontinued operations | 6 | (8) |
| From profit for the period | 62 | 24 |
| Diluted earnings per share | | |
| From continuing operations | 56 | 32 |
| From discontinued operations | 6 | (8) |
| From profit for the period | 62 | 24 |

| | The Company | |
|--|--------------------|---------------|
| | 2019 | 2018 |
| | Number | Number |
| Basic weighted average and Diluted weighted average number of shares (000) | 2,881,296 | 2,881,296 |

(b) Diluted

Diluted earnings per share is the same as basic earnings per share because there is no potential ordinary shares during the period.

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8. Property, plant and equipment

The Group

| Cost: | Leasehold land and buildings | Plant and Machinery | Computer Equipment | Motor Vehicles | Office Furniture | Capital Work in progress | Total |
|--|-------------------------------------|----------------------------|---------------------------|-----------------------|-------------------------|---------------------------------|-------------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| At 1 January 2018 | 10,859,249 | 17,405,669 | 1,060,467 | 4,036,027 | 1,186,337 | 2,200,512 | 36,748,262 |
| Additions | 172,640 | 1,925,018 | 80,436 | 478,454 | 94,568 | 173,165 | 2,924,281 |
| Disposals | - | (221,959) | (23,866) | (338,639) | (5,588) | (1,834) | (591,885) |
| Write Off | - | (601,499) | (278) | - | (554) | - | (602,331) |
| Reclassifications | 12,724 | 536,414 | 5,551 | 19,507 | 767 | (574,963) | - |
| At 31 December 2018 | 11,044,613 | 19,044,310 | 1,117,929 | 4,183,852 | 1,275,530 | 1,796,881 | 38,463,114 |
| At 1 January 2019 | 11,044,613 | 19,044,310 | 1,117,929 | 4,183,852 | 1,275,530 | 1,796,881 | 38,463,114 |
| Additions | 47,061 | 540,586 | 47,425 | 238,291 | 23,937 | 153,631 | 1,050,933 |
| Disposals | - | (729,394) | (3,445) | (107,714) | (36) | - | (840,588) |
| Reclassifications | 1,360 | 4,845 | - | 180 | - | (6,385) | - |
| Other reclassifications** | - | (3) | - | - | - | - | (3) |
| At 30 June 2019 | 11,093,034 | 18,860,345 | 1,161,909 | 4,314,610 | 1,299,431 | 1,944,127 | 38,673,455 |
| Accumulated depreciation and impairment | | | | | | | |
| At 1 January 2018 | 1,815,498 | 8,972,282 | 759,926 | 2,664,153 | 998,629 | - | 15,210,488 |
| Charge for the year | 295,672 | 1,295,216 | 136,592 | 337,522 | 72,596 | - | 2,137,598 |
| Disposals | - | (197,006) | (58,296) | (246,434) | (3,628) | - | (505,365) |
| Write Off | - | (597,357) | (725) | - | (554) | - | (598,636) |
| Reclassifications | - | 17,000 | 452 | (17,452) | - | - | - |
| At 31 December 2018 | 2,148,536 | 9,847,676 | 837,948 | 2,737,788 | 1,067,044 | - | 16,638,993 |
| At 1 January 2019 | 2,148,536 | 9,847,676 | 837,948 | 2,737,788 | 1,067,044 | - | 16,638,993 |
| Charge for the year | 142,899 | 526,467 | 67,785 | 180,372 | 29,018 | - | 946,541 |
| Impairment charge | 107,922 | 36,412 | (228) | 226 | - | - | 144,331 |
| Disposals | - | (728,603) | (3,371) | (92,402) | (36) | - | (824,411) |
| At 30 June 2019 | 2,399,357 | 9,681,952 | 902,134 | 2,825,984 | 1,096,025 | - | 16,905,452 |
| Net book values: | | | | | | | |
| At 30 June 2019 | 8,693,678 | 9,178,394 | 259,775 | 1,488,626 | 203,406 | 1,944,127 | 21,768,004 |
| At 31 December 2018 | 8,896,077 | 9,196,634 | 279,981 | 1,446,064 | 208,486 | 1,796,881 | 21,824,121 |

*Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.

**Other reclassifications are assets that were transferred to/from PPE, to/from Intangible asset and Investment properties due to change in the use. Also, cost relating to SAP ERP implementation accumulated in PPE was transferred to intangible asset during the period.

No borrowing cost was capitalised during the year

The non-current assets are not pledged as security by the group.

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9. Intangible assets and goodwill

| | Group | | | | |
|---|-----------------|---|------------------|---|------------------|
| | Goodwill | Brands & Trade Marks | Software | Capital Work in progress | Total |
| Cost | N'000 | N'000 | N'000 | N'000 | N'000 |
| At 1 January 2018 | 548,747 | 1,070,185 | 1,158,213 | - | 2,777,145 |
| Additions - externally acquired during the year | - | - | 28,494 | 4,620 | 33,114 |
| Transfer | - | - | (666) | - | (666) |
| At 31 December 2018 | 548,747 | 1,070,185 | 1,186,040 | 4,620 | 2,809,593 |
| At 1 January 2019 | 548,747 | 1,070,185 | 1,186,040 | 4,620 | 2,809,593 |
| Additions - externally acquired during the year | - | - | - | - | - |
| At 30 June 2019 | 548,747 | 1,070,185 | 1,186,040 | 4,620 | 2,809,593 |
| Accumulated amortisation and impairment | | | | | |
| At 1 January 2018 | - | 288,439 | 882,683 | - | 1,171,123 |
| Amortisation for the year | - | - | 125,504 | - | 125,504 |
| Assets held for sales | - | - | (12,690) | - | (12,690) |
| At 31 December 2018 | - | 288,439 | 995,497 | - | 1,283,937 |
| At 1 January 2019 | - | 288,439 | 995,497 | - | 1,283,937 |
| Amortisation for the period | - | - | 51,223 | - | 51,223 |
| At 30 June 2019 | - | 288,439 | 1,046,720 | - | 1,335,159 |
| Net book values | | | | | |
| At 30 June 2019 | 548,747 | 781,746 | 139,321 | 4,620 | 1,474,434 |
| At 31 December 2018 | 548,747 | 781,746 | 190,543 | 4,620 | 1,525,656 |

10. Investment property

| | The Group | | |
|---|----------------------------|-----------------------------|--------------------------------------|
| | Freehold building N'000 | Leasehold building N'000 | Total investment properties N'000 |
| Fair value | | | |
| At 1 January 2018 | 840,735 | 12,645,302 | 13,486,037 |
| Additions during the year | - | 2,560 | 2,560 |
| Reclassification from property stocks held as inventories (Note 19) | 140,000 | - | 140,000 |
| Disposals | (297,000) | (4,912,997) | (5,209,997) |
| Impairment of investment properties | - | (632,000) | (632,000) |
| Net gain from fair value adjustments on investment property | 6,300 | (596,236) | (589,936) |
| At 31 December 2018 | 690,035 | 6,506,628 | 7,196,663 |
| At 1 January 2019 | 690,035 | 6,506,628 | 7,196,663 |
| Additions during the period | - | 838 | 838 |
| Disposals | - | (1,289,000) | (1,289,000) |
| Impairment of investment properties | - | - | - |
| Net gain from fair value adjustments on investment property | - | - | - |
| At 30 June 2019 | 690,035 | 5,218,466 | 5,908,501 |

Fair value of investment properties is categorised as follows:

| | 30-Jun-19 | The Group | | |
|--------------------|-----------|----------------------------|-----------------------------|--------------------------------------|
| | | Freehold building N'000 | Leasehold building N'000 | Total investment properties N'000 |
| Internal valuation | | 690,035 | 5,218,466 | 5,908,501 |
| | | 690,035 | 5,218,466 | 5,908,501 |

Fair value of investment properties is categorised as follows:

| | 31-Dec-18 | The Group | | |
|--------------------|-----------|----------------------------|-----------------------------|--------------------------------------|
| | | Freehold building N'000 | Leasehold building N'000 | Total investment properties N'000 |
| External valuation | | 690,035 | 6,506,628 | 7,196,663 |
| | | 690,035 | 6,506,628 | 7,196,663 |

11. Investments in subsidiaries

Company

| | 30 Jun 2019 N'000 | 31 Dec 2018 N'000 |
|--|----------------------|----------------------|
| Opening balance | 21,207,536 | 15,815,152 |
| Additions - Acquisitions in Subsidiaries | 69,360 | 5,392,384 |
| Closing Balance | 21,276,896 | 21,207,536 |

| | 30 Jun 2019 N'000 | 31 Dec 2018 N'000 | 30 Jun 2019 % ownership | 31 Dec 2018 % ownership |
|---|----------------------|----------------------|----------------------------|----------------------------|
| Quoted shares: | | | | |
| <i>Chemical and Allied Products Plc</i> 361,034,361 ordinary shares of 50k each | 494,684 | 494,684 | 51.58 | 51.58 |
| <i>UACN Property Development Company Plc</i> 1,667,187,500 ordinary shares of 50k each | 4,851,897 | 4,851,897 | 64.16 | 64.16 |
| <i>Livestock Feeds Plc</i> 2,198,745,272 ordinary shares of 50k each | 2,246,401 | 2,246,401 | 73.00 | 73.00 |
| <i>Portland Paints Plc</i> 677,093,500 ordinary shares of 50k each | 1,938,283 | 1,938,283 | 85.50 | 85.50 |
| Unquoted shares: | | | | |
| <i>Grand Cereals Limited</i> 1,359,888,000 ordinary shares of N1 each | 7,259,495 | 7,259,495 | 67.15 | 67.15 |
| <i>UAC Foods Limited</i> 102,000,000 ordinary shares of 50k each | 2,414,414 | 2,414,414 | 51.00 | 51.00 |
| <i>MDS Logistics Ltd</i> 51,000,000 ordinary shares of 50k each | 1,861,233 | 1,861,233 | 51.00 | 51.00 |
| <i>UAC Restaurants Limited</i> 510,000 ordinary shares of 50k each | 210,489 | 141,130 | 51.00 | 51.00 |
| | 21,276,896 | 21,207,536 | | |

Investments in subsidiaries are measured at cost

| | The Company | | | |
|---|----------------|----------------|----------------------|-------|
| | 2019 N'000 | 2018 N'000 | Shareholding 2019 | 2018 |
| 11(i) Net Asset Held for Sale - UNICO CPFA | | | | |
| <i>UNICO CPFA Limited</i> 130,005,000 ordinary shares of N1 each | 130,000 | 130,000 | 86.67 | 86.67 |
| | 130,000 | 130,000 | | |

12. Equity instrument at fair value through other comprehensive income

The details and carrying amount of available for sale financial assets are as follows:

| | The Group | |
|--|---------------|---------------|
| | 2019 N'000 | 2018 N'000 |
| Opening Balance as at 1 January | 40,000 | 26,199 |
| Fair value gain on available-for-sale financial assets | 7,729 | 28,999 |
| Disposal of available-for-sale financial assets | - | (15,198) |
| | 47,729 | 40,000 |

The Group

This represents UPDC Plc 6.7% holding in the ordinary share capital of UNICO CPFA Limited and UAC's investments in unquoted equities of the following companies: Industrial Investments Ltd, LACOM Communications Ltd, Trade Investment Ltd - CSCS, Lagos Stock Exchange and Panasonic Nigeria Ltd.

13. Investments in associates and equity accounted joint ventures

| | The Group | |
|--------------------------------|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Associate | | |
| UPDC's Investment in UPDC REIT | 20,602,477 | 20,017,860 |
| Joint Ventures | | |
| Transit Village Dev. Co. Ltd* | 73,606 | 73,606 |
| At 30 June | 20,676,083 | 20,091,466 |

*Transit Village JV is not yet operational. The company's investment represents the seed capital contributed towards acquiring the land for the project.

13.1 Investments in Associate

Investments in Associate above represents UPDC's investment in REIT as at 30 June 2019. The associate as stated above have share capital consisting solely of ordinary shares, which are directly held by the group. The country of incorporation or registration is also their principal place of business.

The UPDC Real Estate Investment Trust (REIT) is a close-ended real estate investment trust which is listed on the Nigerian Stock Exchange. As at 30 June 2019, the fair value of each unit holders' contribution in UPDC REIT is N5.40

The movement in the investment in associate during the year is stated below:

| | The Group | |
|-----------------------------|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| At 1 January | 20,017,860 | 18,918,826 |
| Share of profit (Note 13.3) | 584,617 | 1,923,492 |
| Dividend received | - | (824,458) |
| At 30 June | 20,602,477 | 20,017,860 |

13.2 Investments in Joint Ventures

All joint ventures are primarily set up for projects. The investments in Joint Venture were measured at cost.

The movement in the investment in joint ventures during the year is stated below:

| | The Group | |
|--|---------------|---------------|
| | 2019 N'000 | 2018 N'000 |
| At 1 January | 73,606 | 190,795 |
| Share of loss of First Festival Mall Limited (Note 13.3) | - | (117,189) |
| At 30 June | 73,606 | 73,606 |

13.3 Share of profit of Associates and Joint Ventures using the equity method

| | The Group | |
|--|----------------|----------------|
| | 2019 N'000 | 2018 N'000 |
| Share of profit in REIT (Associate) | 584,617 | 578,305 |
| Share of loss of First Festival Mall Limited (Joint Venture) | - | (117,189) |
| Total | 584,617 | 461,116 |

| | The Group | |
|---------------------------------|---------------|---------------|
| | 2019 N'000 | 2018 N'000 |
| 13.4 Right of use assets | | |
| At 1 January | - | - |
| Impact of IFRS 16 | 3,085,035 | - |
| Charge for the period | (113,479) | - |
| At 30 June | 2,971,556 | - |

| | The Group | |
|-----------------------------|---------------|---------------|
| | 2019 N'000 | 2018 N'000 |
| 13.5 Lease Liability | | |
| Current | 17,415 | - |
| Non-current | 1,497,474 | - |
| | 1,514,889 | - |

14. Inventories

| | The Group | |
|---|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Raw materials and consumables | 14,390,106 | 18,829,760 |
| Technical stocks and spares | 1,970,108 | 1,878,575 |
| Properties under construction (Note 15) | 7,429,077 | 8,275,382 |
| Finished goods and goods for resale | 2,397,251 | 1,541,918 |
| | 26,186,543 | 30,525,636 |

All inventory above are carried at cost at all the periods reported.

No borrowing cost was capitalised during the period

15. Properties under construction included in inventories

| | The Group | |
|--|------------------|------------------|
| | 2019 N'000 | 2018 N'000 |
| Cost/Valuation | | |
| Balance 1 January | 8,275,382 | 11,523,468 |
| Additions | 72,256 | 410,123 |
| Disposals | (918,562) | (1,502,307) |
| Transfer to Investment Properties | - | (140,000) |
| Reclassifications | - | (698,286) |
| Write down of VMP3B, Parkview & Awoyaya Land | - | (1,317,616) |
| Balance 30 June | 7,429,077 | 8,275,382 |

16. Trade and other receivables

| | The Group | |
|---|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Receivables due within one year | | |
| Trade receivables | 4,914,529 | 4,085,850 |
| Less: allowance for impairment of trade receivables | (1,515,247) | (1,693,208) |
| Net trade receivables | 3,399,282 | 2,392,642 |
| Receivables from related companies - Note 25(c) | 3,036,081 | 3,230,152 |
| Allowance for expected credit losses on group companies | (256,183) | (442,457) |
| Other receivables | 2,142,387 | 2,489,873 |
| Advance payments | 973,757 | 796,497 |
| WHT receivable | 893,596 | 664,600 |
| Prepayments - staff grants | 347,121 | 265,992 |
| Prepayments- Other | 621,835 | 836,393 |
| | 11,157,874 | 10,233,691 |

Trade receivables are non-interest bearing and are generally due for settlement within 30 days and therefore are all classified as current. They are amounts due from customers for goods sold or services performed in the ordinary course of business.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Advance payments are mobilisation fees made to contractors for the supply of goods and services.

| | The Group | |
|---------------------------|----------------|------------------|
| | 2019 N'000 | 2018 N'000 |
| Prepayments - Current | 968,955 | 1,102,385 |
| Prepayments - Non-current | 17,835 | 8,706 |
| Total prepayments | 986,790 | 1,111,091 |

The balance on prepayment represent rent and insurance paid in advance which will be charged against earnings in the periods they relate to.

Movements in the allowance for impairment of trade receivables are as follows:

| | The Group | |
|--|------------------|------------------|
| | 2019 N'000 | 2018 N'000 |
| At 1 January | 1,693,208 | 1,429,318 |
| (Recovery from)/Allowance for receivables impairment | (177,961) | 263,890 |
| At 30 June | 1,515,247 | 1,693,208 |

17. Cash and cash equivalents

| | The Group | |
|--|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Cash at bank and in hand | 1,770,682 | 1,958,000 |
| Short-term deposits | 24,708,478 | 28,372,476 |
| Expected credit losses on short term deposit | (61,176) | (55,226) |
| Cash and short-term deposits | 26,417,984 | 30,275,249 |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

In 2015, Securities and Exchange Commission directed all Registrars to return all unclaimed dividends, which have been in their custody for fifteen months and above, to the paying companies. Included in the cash and short-term deposits is **N4.6b** which represents unclaimed dividends received from Africa Prudential Registrars as at June 2019.

(i) Reconciliation to statement of cash flow

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

| | The Group | |
|--|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Cash and short-term deposits | 26,417,984 | 30,275,249 |
| Bank Overdrafts (Note 18) | - | - |
| Balances per statement of cash flow | 26,417,984 | 30,275,249 |

18. Borrowings

| | The Group | |
|---------------------------------------|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Current borrowings | | |
| Overdrafts due within one year | - | - |
| Commercial papers due within one year | 9,161,647 | 19,671,568 |
| | 9,161,647 | 19,671,568 |
| Non-current borrowings | | |
| Loans due after one year (i) | 7,839,821 | 4,500,793 |
| Total borrowings | 17,001,468 | 24,172,361 |

The above borrowings are denominated in Naira

The borrowings are repayable as follows:

| | The Group | |
|--------------------------|-------------------|-------------------|
| | 2019 N'000 | 2018 N'000 |
| Within one year | 9,161,647 | 19,671,568 |
| Between one to two years | 7,839,821 | 4,500,793 |
| More than three years | - | - |
| | 17,001,468 | 24,172,361 |

(i) Loans due within one year

| Bank | Effective Interest Rate | The Group | | Maturity date | Security |
|--------------------------------|-------------------------|------------------|-------------------|---------------|--------------------|
| | | 2019 N'000 | 2018 N'000 | | |
| FBN Merchant Bank | 19.5% | - | 243,861 | May-19 | Equitable mortgage |
| Coronation Merchant Bank | 19.5% | - | 341,035 | May-19 | Equitable mortgage |
| Union Bank of Nigeria Plc | 8.0% | 1,500,000 | 1,500,000 | Oct-19 | No security |
| FSDH Merchant Bank Ltd | 16.0% | - | 2,174,916 | May-19 | No security |
| Sterling Bank Plc - Agric Loan | 9.0% | 408,818 | 379,712 | Dec-19 | No security |
| First Bank of Nigeria Ltd | 16.0% | - | 1,322,696 | Jun-19 | No security |
| Issued CP | 14.4% | 7,252,829 | 13,709,348 | Jul-19 | Equitable mortgage |
| | | 9,161,647 | 19,671,568 | | |

The above borrowings are denominated in Naira

(ii) Loans due after one year

| Details of the loan maturities due after one year are as follows: | Effective Interest Rate | The Group | | Maturity date |
|---|-------------------------|------------------|------------------|---------------|
| | | 2019 N'000 | 2018 N'000 | |
| Facility | | | | |
| Grand Cereals Ltd - Sterling Bank Plc and Stanbic IBTC Bank Plc | 17% | 3,584,068 | 245,040 | July, 2020 |
| | | 3,584,068 | 245,040 | |
| Term Loan: | | | | |
| UPDC 5-Year Bond | 16% | 4,255,753 | 4,255,753 | May, 2023 |
| | | 7,839,821 | 4,500,793 | |

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19. Trade and other payables

| | The Group | |
|---|----------------------|----------------------|
| | 2019 N'000 | 2018 N'000 |
| Trade payables | 4,360,350 | 6,843,729 |
| Amount owed to related companies (Note 25d) | 90,108 | 32,359 |
| Provision for employee leave | 12,159 | 14,485 |
| Other payables | 2,466,067 | 3,444,840 |
| WHT payable | 105,009 | 122,668 |
| VAT payable | 225,913 | 328,853 |
| PAYE payable | 6,812 | 4,711 |
| Advance from customers | 3,689,789 | 1,267,324 |
| Accruals | 4,793,970 | 3,378,727 |
| Total | 15,750,177 | 15,437,697 |

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms.

Advance from customers are deposits or down-payments received from customers for products.

Accruals relates to accrued professional fees, accrued consultants fees, accrued audit fees and other accrued expenses.

20. Deferred revenue

| | The Group | |
|---|----------------------|----------------------|
| | 2019 N'000 | 2018 N'000 |
| At 1 January | 213,312 | 216,654 |
| Deferred during the period | 236,070 | 383,887 |
| Released to the statement of profit or loss | (292,177) | (387,229) |
| At 30 June | 157,205 | 213,312 |
| Current | 156,118 | 211,736 |
| Non-current | 1,088 | 1,577 |
| | 157,206 | 213,313 |

Deferred revenue are rentals received in advance which are recognized as revenue in the statement of profit or loss when earned.

The Group and Company lease a number of premises. These are subject to review dates ranging from 1 year to 2 years.

21. Dividend payable

| | The Group | |
|-------------------------------|----------------------|----------------------|
| | 2019 N'000 | 2018 N'000 |
| As at 1 January | 4,899,962 | 4,655,045 |
| Dividend declared | 1,844,029 | 1,872,842 |
| Dividend paid during the year | (1,844,029) | (1,830,540) |
| Unclaimed dividend refunded | - | 202,615 |
| At 30 June | 4,899,962 | 4,899,962 |

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22. Provisions

| The Group | Contingent Liabilities N'000 | Legal claim N'000 | Decommissioning liability N'000 | Total N'000 |
|---|------------------------------------|----------------------|---------------------------------------|----------------|
| At 1 January 2019 | 3,000 | 90,085 | 10,874 | 103,959 |
| Unwinding of discount | - | - | - | - |
| 30 June 2019 | 3,000 | 90,085 | 10,874 | 103,959 |
| Current | 3,000 | 90,085 | - | 93,085 |
| Non-current | - | - | 10,874 | 10,874 |
| At 1 January 2018 | 3,000 | 89,456 | 17,223 | 109,679 |
| Unwinding of discount | - | - | 3,439 | 3,439 |
| Derecognised on payment | - | - | (9,788) | (9,788) |
| Exchange difference arising from litigation | - | 629 | - | 629 |
| 31 December 2018 | 3,000 | 90,085 | 10,874 | 103,959 |
| Current | 3,000 | 90,085 | - | 93,085 |
| Non-current | - | - | 10,874 | 10,874 |

Contingent liabilities

The group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, adequate provision for any liability has been made in these financial statements.

Decommissioning liability

A subsidiary of the company (UAC Restaurants Limited) has a number of leasehold properties converted to Restaurants, which are required by agreements to be restored back to their original condition upon the expiry of the leases. Decommissioning Liability relates to the provisions made for decommissioning costs relating to these properties. Management has applied its best judgement in determining the amount of the liability that will be incurred at the end of each lease term. Variables such as inflation rate and currency exchange rates amongst others, were considered in this estimate. 18% discount rate for the unwinding of the discount on the liability was determined using the "Capital Asset Pricing Model". The obligation is expected to crystallise in 2030.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rates did not reflect risks for which future cash flow estimates have been adjusted.

23. Share Capital

Group and Company

| | 2019 | | 2018 | |
|---------------------------------------|----------------------------|-------------------------------|------------------|------------------|
| | Number 000 | Amount N'000 | Number 000 | Amount N'000 |
| Authorised: | | | | |
| Ordinary Shares of 50k each | 3,000,000 | 1,500,000 | 3,000,000 | 1,500,000 |
| Preference Shares of 50k each | 400,000 | 200,000 | 400,000 | 200,000 |
| Total authorised share capital | 3,400,000 | 1,700,000 | 3,400,000 | 1,700,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of 50k each | 2,881,296 | 1,440,648 | 2,881,296 | 1,440,648 |
| Total called up share capital | 2,881,296 | 1,440,648 | 2,881,296 | 1,440,648 |
| Movements during the period: | Group and Company | | | |
| | Number of shares 000 | Ordinary shares =N='000 | | |
| At 31 December 2018 | 2,881,296 | 1,440,648 | | |
| Capitalised during the period | - | - | | |
| At 30 June 2019 | 2,881,296 | 1,440,648 | | |

Nature and purpose of Other Reserves

Share Premium

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium. The Share premium is to be capitalised and issued as scrips as approved by shareholders from time to time.

Contingency Reserve

The contingency reserve covers an appropriation of surplus or retained earnings that may or may not be funded, indicating a reservation against a specific or general contingency. The contingency reserve represents the transfer to statutory reserve of 12.5% of the profit after tax of UNICO CPFA Limited in line with section 69 of the Pension Reform Act 2004 (2014 as amended).

Fair value/available for sale reserve

The available for sale reserve relates to the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

24. Reconciliation of profit before tax to cash generated from operations

| | Group | |
|---|------------------|------------------|
| | 2019 N'000 | 2018 N'000 |
| Profit before tax from continuing operations | 3,391,759 | 2,102,313 |
| Loss before tax from discontinued operations | (135,337) | (220,776) |
| Adjustment for net finance (income)/costs | 163,859 | 1,076,941 |
| Operating profit | 3,420,281 | 2,958,478 |
| Amortisation of intangible assets | 51,223 | 68,624 |
| Share of associate and joint ventures' profit | (584,617) | (461,116) |
| Depreciation | 946,541 | 1,029,381 |
| Effects of exchange rate changes | (1,976) | - |
| Losses on completed projects | - | 3,500 |
| Impairment charges on PPE | 144,331 | - |
| Profit on sale of financial assets | - | (1,591) |
| Profit on sale of tangible PPE | (29,647) | (18,138) |
| Loss on sale of Investment Properties | 103,831 | - |
| Profit on sale of Investment Properties | - | (24,496) |
| Operating cash flows before movements in working capital | 4,049,966 | 3,554,641 |
| Movements in working capital: | | |
| Changes in inventories | 4,339,093 | 2,441,794 |
| Changes in trade and other receivables and prepayments | (933,312) | (632,805) |
| Changes in trade and other payables | (233,318) | (2,896,803) |
| Net cash from/(used in) operations - continuing operations | 7,222,224 | 2,466,827 |
| Changes in inventories | (64,392) | (13,411) |
| Changes in trade and other receivables and prepayments | (61,395) | (46,595) |
| Changes in trade and other payables | 42,736 | 37,368 |
| Net cash from/(used in) operations - discontinued operations | (83,052) | (22,638) |
| Net cash from/(used in) operations | 7,139,172 | 2,444,189 |

25. Related party transactions

The Company

The company's related parties consist of companies in whom the company has shareholding and similar interests (it's subsidiaries, associates & joint venture partners), the key management personnel of the company and their close family members and all other entities that are directly or indirectly controlled by the company.

The following transactions were carried out with the subsidiaries:

(a) Sales of goods and services

The Company has commercial service agreements with its subsidiaries for support services. Income from commercial services fees(representing 0.75-1% of revenue of the subsidiaries) **N240 million** (2018: **N216 million**).

This has been included in the revenue of the Company.

| | Company | |
|-----------------------------------|-----------------------------|-----------------------------|
| | 2019 N'000 | 2018 N'000 |
| UACN Property Development Co. Plc | 10,878 | 10,730 |
| Grand Cereals Limited | 129,933 | 118,734 |
| Chemical & Allied Products Plc | 41,394 | 38,394 |
| Portland Paints & Products Plc | 12,830 | 14,326 |
| Livestock Feeds Plc | 44,898 | 33,634 |
| | 239,932 | 215,819 |

(b) Period-end net balances arising from sales/purchases of goods/services with subsidiaries

| | Company | |
|-----------------------------------|-----------------------------|-----------------------------|
| | 2019 N'000 | 2018 N'000 |
| Receivable: | | |
| UACN Property Development Co. Plc | 7,878,758 | 1,426,131 |
| Chemical & Allied Products Plc | 62,481 | 23,071 |
| Grand Cereals Limited | 656,223 | 3,168,457 |
| UNICO CPFA Ltd | 551 | 3,121 |
| UAC Restaurants Limited | 11,126 | 6,905 |
| Portland Paints Plc | 99,310 | 87,207 |
| Livestock Feeds Plc | 52,554 | 17,011 |
| MDS Logistics Ltd | 17,374 | 7,936 |
| UAC Foods Ltd | 68,113 | 55,327 |
| | 8,846,489 | 4,795,165 |

All trading balances will be settled in cash.

(c) Receivables from related companies

| | Group | |
|------------------------------------|-----------------------------|-----------------------------|
| | 2019 N'000 | 2018 N'000 |
| UPDC Metrocity Limited | 1,699,482 | 1,681,460 |
| First Restoration Dev. Co. Limited | 375,556 | 360,084 |
| Calabar Golf Estate Limited | 321,692 | 237,055 |
| Imani and Sons | 350,415 | 496,734 |
| UPDC REIT | 32,753 | 12,363 |
| | 2,779,898 | 2,787,695 |

There were no allowance for doubtful debt relating to related party receivables as at 30 June 2019 (2018: nil) and no charges to the profit or loss in respect of doubtful related party receivables.

(d) Amount owed to related companies

| | Group | |
|-------------------------------|-----------------------------|-----------------------------|
| | 2019 N'000 | 2018 N'000 |
| UPDC REIT | - | - |
| James Pinnock current account | 90,108 | 32,359 |
| | 90,108 | 32,359 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Hence, this entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2018.

26. Disposal group held for sale and discontinued operations

Hence, this entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2018.

Disposal group held for sale

UPDC Hotels Ltd (UHL)

The Board of UPDC Plc decided on 24th October 2017 to sell its investment in UPDC Hotels (UHL). The sale is expected to be completed within a year from the reporting date. Consequently, UHL has been classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5.

Disposal group held for distribution to owners

UNICO CPFA Limited (UNICO)

Members of UNICO PFA at Extra-Ordinary General Meeting approved voluntary winding up of company on February 6, 2019. Mr Godwin Abimbola Samuel was appointed as Liquidator. The Company is thus in liquidation. Hence, this entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2018.

Exception to one year requirement:

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. These factors include but are not limited to slow down in business activities in view of the upcoming elections. Management however, remains committed to concluding the sale within a reasonable time frame

Warm Spring Waters Nigeria Limited (WSWNL)

The members of Warm Spring Waters Nigeria Limited at an Extra-Ordinary Meeting held on 6 February, 2018 passed a special resolution for the winding up of the Company subject to court supervision. The Federal High Court sitting at Ado-Ekiti on 14 May, 2018 granted the petition for the winding up of the Company and appointed Mr Samuel Akintola of Baker Tilly as its Liquidator. The Liquidator has sold the assets of the company to Unique Grains and Foods Limited, who has taken over the same and cash proceeds received in May 2019.

The results from discontinued operations which have been included in the 2019 consolidated income statement are as follows:

| | |
|--|----------------|
| | N'000 |
| Cash consideration | 295,863 |
| *Carrying value of investment | - |
| Impairment of receivables | (298) |
| Profit on disposal of discontinued operations | 295,565 |

*Carrying value of investment in WSWNL of N46m was previously impaired in 2017.

Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

| | UHL 30-Jun-19 N'000 | UNICO 30-Jun-19 N'000 | WSWNL 30-Jun-19 N'000 | TOTAL 30-Jun-19 N'000 |
|---|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | 11,855,509 | 2,920 | - | 11,858,428 |
| Intangible assets | 3,634 | - | - | 3,634 |
| Deferred tax asset | - | 945 | - | 945 |
| | 11,859,142 | 3,865 | - | 11,863,007 |
| Current assets | | | | |
| Inventories | 127,861 | - | - | 127,861 |
| Trade and other receivables | 170,346 | - | - | 170,346 |
| Statutory Reserve Fund Account | - | 66,096 | - | 66,096 |
| Held to maturity- Treasury bills | - | 184,266 | - | 184,266 |
| Cash and short-term deposits | (17,146) | 42,256 | - | 25,110 |
| | 281,061 | 292,618 | - | 573,679 |
| Assets of disposal group classified as held for sale/ distribution to owners | 12,140,204 | 296,482 | - | 12,436,686 |
| Less: Impairment of assets of disposal group held for sale | (4,029,237) | - | - | (4,029,237) |
| Total | 8,110,966 | 296,482 | - | 8,407,449 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Borrowings | - | - | - | - |
| Deferred taxation liabilities | - | - | - | - |
| Current liabilities | | | | |
| Trade and other payables | 895,373 | 23,871 | - | 919,244 |
| Current income tax liabilities | - | 8,004 | - | 8,004 |
| | 895,373 | 31,876 | - | 927,249 |
| Total | 895,373 | 31,876 | - | 927,249 |

Analysis of the results of the discontinued operations is as follows:

| | UHL 30-Jun-19 N'000 | UNICO 30-Jun-19 N'000 | WSWNL 30-Jun-19 N'000 | TOTAL 30-Jun-19 N'000 | UHL 30-Jun-18 N'000 | UNICO 30-Jun-18 N'000 | TOTAL 30-Jun-18 N'000 |
|---|---------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Revenue | 625,172 | - | - | 625,172 | 654,787 | 81,077 | 735,863 |
| Cost of sales | (623,169) | - | - | (623,169) | (630,344) | - | (630,344) |
| Gross profit | 2,003 | - | - | 2,003 | 24,442 | 81,077 | 105,519 |
| Other income | - | - | - | - | 1,542 | 3,437 | 4,979 |
| Selling and distribution expenses | (31,225) | - | - | (31,225) | (40,639) | - | (40,639) |
| Administrative expenses | (106,166) | - | - | (106,166) | (213,092) | (92,266) | (305,359) |
| Operating profit | (135,387) | - | - | (135,387) | (227,747) | (7,752) | (235,499) |
| Finance income | 50 | - | - | 50 | - | 14,724 | 14,724 |
| Finance cost | - | - | - | - | - | - | - |
| (Loss)/Profit before tax from discontinued operations | (135,337) | - | - | (135,337) | (227,747) | 6,971 | (220,776) |
| Tax expense: | | | | | | | |
| Related to pre-tax profit/(loss) from the ordinary activities for the period | - | - | - | - | - | (2,209) | (2,209) |
| Profit on disposal of Warm Spring Waters Nigeria Ltd | - | - | 295,565 | 295,565 | - | - | - |
| (Loss)/profit from discontinued operations | (135,337) | - | 295,565 | 160,228 | (227,747) | 4,762 | (222,985) |

The assets are carried at carrying value since this is lower than the fair value less cost to sell.

Cashflows from discontinued operations:

The net cash flows incurred are, as follows:

| | UHL 30-Jun-19 N'000 | UNICO 30-Jun-19 N'000 | WSWNL 30-Jun-19 N'000 | UHL 30-Jun-18 N'000 | UNICO 30-Jun-18 N'000 | WSWNL 30-Jun-18 N'000 |
|------------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Operating | 54,108 | 36,388 | - | 5,860 | 13,250 | - |
| Investing | (42,779) | 22,660 | - | (28,603) | 107,049 | - |
| Financing | - | (37,500) | - | (12,500) | (37,500) | - |
| Net cash (outflows)/inflows | 11,328 | 21,547 | - | (35,242) | 82,799 | - |