...doing good

UAC OF NIGERIA PLC RC 341

2017 ANNUAL REPORT

Contents

Vision

To be number one in our chosen markets,
providing exceptional value
to our customers

Mission

To grow our top-line at the rate of
inflation in Nigeria at the minimum with
blended EBIT profitability of 15%

Shared Values

- Customer Focus
- Respect for the Individual
- Integrity
- Team Spirit
- Innovation
- Openness & Communication

Company Profile

UAC of Nigeria PLC (UAC) is a leading diversified Company, operating in the Food and Beverage, Real Estate, Paint and Logistics sectors of the economy. UAC has been a foremost participant in the Nigerian economy since 1879.

The Company's brand portfolio includes leading brands such as Gala Sausage Roll, Mr. Bigg's, Funtime Coconut Chips, Supreme Ice Cream, Swan Natural Spring Water, Dulux Paint, Grand Soya Oil, Vital Feeds, Binggo Dog Food, Livestock Feeds, Grand Cornflakes and Sandtex Paints.

UAC is a Holding Company with a number of subsidiary, sub-subsidiary and Joint Venture Companies. It is also involved in some strong regional and international partnerships in a bid to enhance sustainable growth. The partnerships are: UAC Foods Limited - a business partnership between Tiger Brands Limited, holding 49% of the equity and UAC controlling 51%; MDS Logistics Limited, a joint venture with Imperial Logistics, which holds 49% equity, with UAC controlling 51% and UAC Restaurants Limited, where Famous Brands holds 49% of the equity, with UAC controlling 51%. UAC also operates successful joint ventures in the real estate business and, a technical collaboration with Akzo Nobel for the manufacture of Dulux Paints in Nigeria.

The Company blazed the trail of fully franchised Quick Service Restaurant operations, a strategy that is serving as a model for the sector. Gala Sausage Roll and Mr. Bigg's, the leading QSR brand in Nigeria, have for many years remained dominant household brands.

UAC's business portfolio includes the following Companies: UACN Property Development Company PLC (UPDC), the first Company in the real estate sector to be listed on the Nigerian Stock Exchange; UAC Foods Limited, the manufacturers of Gala Sausage Roll, Supreme Ice Cream and SWAN Natural Spring Water, MDS Logistics Limited, a foremost integrated logistics Company, with investments in pharmaceutical distribution hubs in key locations across the country; UAC Restaurants Limited with its chain of Mr. Bigg's and Debonairs Pizza outlets, Grand Cereals Limited, the manufacturers of Vital Poultry and Fish Feeds, Binggo Dog Food, Grand Maize Flour, Grand Cornflakes and Grand Soya Oil; Chemical and Allied Products PLC, leading its industry segment, with Dulux Paint, and UNICO CPFA Limited, a Closed Pension Fund Administrator.

The Company's business expansion drive led to the acquisition of controlling equity in Livestock Feeds PLC, foremost manufacturers of Animal Feeds and Portland Paints and Products Nigeria PLC, makers of Sandtex Paints.

Corporate Profile CONT'D

These acquisitions have deepened the Company's presence in the animal feeds and paints markets.

The Company's strategic partnerships are aimed at enhancing operational excellence and delivery capabilities, as well as, consolidating and building its market share in a competitive and fast growing market. The Company proactively seeks to take advantage of the opportunities presented by its current business model.

The Company's Corporate Social Responsibility (CSR) Programme - The Goodness League is a major boost to education in Nigeria, through its infrastructural intervention and support for Legacy Schools across the country, as well as, the organization of Free Weekend Classes for Senior Secondary School students. UAC's Schools Support Programme has benefitted educational institutions in the South West, North West, South South, North Central and South East geo-political zones of the country.

UAC has continued the drive for sustainable growth through the execution of relevant business strategies, continuous innovation and significant investment in capacity building.

UAC of Nigeria Plc.
Financial Highlights

	Group			Company		
	2017 ₦'000	2016 ₦'000	% change	2017 ₦'000	2016 ₦'000	% change
Revenue	89,178,082	82,572,262	8	826,507	912,307	(9)
Operating profit	7,031,104	8,639,521	(19)	1,551,480	1,513,419	3
Net finance (cost)/income	(4,324,087)	(1,361,180)	218	1,817,233	1,500,755	21
Share of net profit of associates and joint venture using the equity method	539,102	1,089,747	(51)	-	-	-
Profit before tax	3,246,120	8,368,087	(61)	3,368,714	3,014,174	12
Income Tax Expense	(1,921,733)	(2,074,392)	(7)	(288,886)	(386,885)	(25)
Profit after tax for the year	1,324,387	6,293,695	(79)	3,079,827	2,627,290	17
Loss after tax for the year from discontinued operations	(361,562)	(627,157)	(42)	-	-	-
Profit for the year	962,824	5,666,538	(83)	3,079,827	2,627,290	17
Other comprehensive income for the year net of tax	7,002	(112)	-	-	-	-
Total comprehensive income for the year net of tax	969,826	5,666,426	(83)	3,079,827	2,627,290	17
Total Equity	73,126,422	76,465,540	(4)	23,450,792	22,291,514	5
Total equity and liabilities	130,617,133	138,229,559	(6)	32,174,633	29,481,890	9
Cash and Cash equivalents	14,125,947	9,545,585	48	5,779,991	4,250,546	36
Earnings per share (kobo) - Basic	50	195		160	137	
Dividend per share (kobo) - Proposed	65	100		65	100	
NSE quotation as at December 31 (kobo)	1,672	1,681		1,672	1,681	
Number of shares in issue ('000)	1,920,864	1,920,864		1,920,864	1,920,864	
Market capitalisation as at December 31 (N'000)	32,116,846	32,289,724		32,116,846	32,289,724	

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen

I am delighted to welcome you to the 2018 Annual General Meeting of our Company, UAC OF NIGERIA PLC, at which I would present to you the Annual Report and Financial Statements of the Company, for the financial year ended 31st December 2017. Before doing so, please permit me to highlight a few aspects of the business environment that significantly affected our performance in the year under review.

ECONOMIC AND BUSINESS ENVIRONMENT

The global economic environment, as it affects Nigeria, improved in year 2017. Commodity prices began to recover in 2017 and by year end, crude oil prices were close to US$70 a barrel. Trade volumes grew 33.5% in 2017, and in 2017 Nigeria attracted US$12.2bn in capital inflows (a 179% increase over the prior year) and US$7.5bn in portfolio inflows - a 582% increase over 2016. This strengthened the Naira and improved the level of the nation's foreign reserves which, despite CBN interventions in the market to the tune of US$15.9billion in 2017, amounted to almost US$40 at the end of 2017.

Despite tighter monetary policy in the US, the dollar weakened in 2017, relative to other international currencies such as the Euro and Sterling. Perhaps induced by policy uncertainty from Washington, and a brighter outlook in destination jurisdictions, international capital providers rediscovered their risk appetite for emerging and frontier Markets.

On the local front, domestic policy shifts in the course of the year provided tailwinds for the economy. In April, the Importers and Exporters FX window was introduced, and its transparent price discovery framework encouraged the return of portfolio investors to the Nigerian market. The

Chairman’s Statement CONT’D

Central Bank of Nigeria (“CBN”) leveraged on the modest increases in FX reserves, to supplement the market with additional FX liquidity.

The decision to engage in dialogue with the militants in the Niger Delta and the consequent recovery in oil production provided the biggest boost for the recovery of growth in 2017 and, as a consequence, Oil GDP grew by 4.3% in 2017 (the first expansion in six years) while the non-Oil economy grew by a modest 0.5%. There was a 10.9% increase in non-Oil revenue collection during the year, with such revenues amounting to 44.1% of federally collectible revenues. The combined effect of all these was that Nigeria's GDP grew by an aggregate of 0.83% in 2017.

After peaking in January 2017, inflation began to moderate, initially at a brisk pace, because of a high base in 2016. The pace of moderation slowed mid-year and was tempered, in part, by food inflation resulting from an increase in food exports to neighbouring countries. Notwithstanding the moderation in inflation, however, the CBN did not reduce the Monetary Policy Rate (“MPR”) which stayed at 14%, as had been the case since July 2016. Retention of the MPR at this rate reflected the CBN's determination to curtail Naira liquidity and its effect on the demand for foreign exchange, and consolidate the strengthening of the Naira that resulted from the CBN's pro-market foreign exchange reforms.

In another positive development, the Federal Government organised two successful Eurobond issuances in February and November 2017, as part of its medium-term debt management strategy of reconfiguring Nigeria's deficit financing in a way that prioritises foreign borrowings.

Regulatory policy witnessed some positive policy changes as well. The Presidency inaugurated the Presidential Enabling Business Environment Council (PEBEC) and signed a series of executive orders, aimed at the Ease of Doing Business (EODB) conditions. The Secured Assets in Movable Transactions Act (2017) and Credit Registry Act (2017) were signed into law, by then Acting President, Professor Yemi Osinbajo. The Petroleum Industry Governance Bill, the first of four legs of the now unbundled Petroleum Industry Bill, was passed as well, and is awaiting assent by the President.

REVIEW OF BUSINESS OPERATIONS

Notwithstanding the improvement in the overall economic climate, however, our company's performance in 2017 was disappointing, with tepid growth, declining margins, and a resulting poor share price performance. Our real estate segment (UAC Property Development Company PLC.) has been struggling for several years and in 2017 continued to be affected by its very high financing costs, soft demand for high-end real estate investments and rental properties, soft demand by retailers for space in malls, and continued losses from the hotel investment. The animal feeds category on the other hand (Grand Cereals Limited and Livestock Feeds PLC) had to deal with the depletion of the poultry population, which in part was due to farms being closed as a result of the increase in feed costs. These feed costs, in turn, reflected the very high grain prices that prevailed for most of the year. The

Group Revenues grew from N82.6b in 2016 to ₦89.7b in 2017, an increase of 8%

animal feeds category was also adversely affected by increased competition in the segment. Our logistics business, also performed poorly, due to the reduced level of business with a number of key customers and the discontinuance of operations by others. One bright spot was the paints segment (CAP PLC. and Portland Paints and Products Nigeria PLC.) which both performed creditably during the year.

During the course of 2017, as we had previously informed the market, the shareholders of Warm Spring Waters Nigeria Limited, resolved to wind up the affairs of the company because of its persistent weak operational performance. In order to ensure a reversal of recent poor performance, and drive future growth and profitability across the Group, the board and management of your company are conducting a detailed review of the business and strategy. Further communication on specific value creation initiatives will be made during the year.

FINANCIAL PERFORMANCE

Against the above background, I wish to report that the Group's revenues grew from ₦82.6 Billion in 2016, to ₦89.1 Billion in 2017 – an increase of 8%. This was below the Group's target of achieving growth in excess of the rate of inflation. Profit After Tax declined sharply from N5.6 Billion in 2016, to ₦963 Million in 2017, reflecting the compression in the margins of our operating subsidiaries.

RIGHTS ISSUE

I would like to formally acknowledge, and thank, our esteemed shareholders for the strong support you provided during our company's recently concluded Rights Issue. You will recall that a total of 960,432,193 ordinary shares of 50 Kobo each were issued in this process, at a price of ₦16.00 per share, and I am pleased to report that as a result of your strong support, the Rights Issue was 104.5% subscribed. This reflects the confidence that you still have in your Company. You have my assurance that the proceeds of the Rights Issue are already being applied for the intended purposes, and will, ultimately, improve shareholder value. I am also pleased to mention that some of our subsidiary companies undertook successful Rights Issues during the financial year.

DIVIDEND

The Board is recommending for your approval a dividend of ₦1,860,825,000.00 in respect of the 2017 financial year, that is, a dividend of 65 kobo per share.

LEADERSHIP & BOARD CHANGES

I am pleased to report that your company went through a

Chairman's Statement CONT'D

smooth leadership succession at the end of 2017. Mr Larry Ettah, who had led the company as Group Managing Director/Chief Executive Officer since 2007, proceeded on his pre-retirement leave with effect from 1st January, 2018. You will recall that, prior to Mr. Ettah's appointment as Group CEO, he occupied other management and senior management positions in the company and during all of these periods, including the period of his appointment as Group CEO, he served the company meritoriously. After a rigorous selection process, your Board found a worthy successor in Mr Abdul Akhor Bello, the immediate past Executive Director/Chief Financial Officer of the company. He assumed the group leadership role on 1st January, 2018. On your behalf, I would like, once again, to congratulate Mr Bello on this high attainment. He is very much aware of the task before him and that he must justify the confidence reposed in him by his fellow directors and by extension, the shareholders. I would also like to inform you that since the last Annual General Meeting, Mr. Joseph Dada, the Executive Director, Corporate Services, retired after 34 years of meritorious service to the company. It is my pleasure to welcome to this meeting Mrs. Omolara Elemide, the former Managing Director of Chemical and Allied Products PLC, who took over the role of Executive Director, Corporate Services.

Mr. Folasope Aiyesimoju and Mrs. Olufunke Ighodaro recently joined the Board of Directors of your company, and Mr. Peter Mombaur serves as alternate director to them both. I would like to welcome them all to their first Annual General Meeting. We count on your usual support to formally elect them as directors at this meeting in view of their impressive business experience and expertise which the company will greatly benefit from.

OUTLOOK FOR 2018

The 2018 financial year is a transitional year, in which your Board will begin to tackle the root causes of your company's historical declining performance, and implement initiatives to drive future profitable growth. Specific areas of focus will be on, capital allocation and portfolio composition, human capital, operating company strategy and, most importantly, reinforcing a Group-wide culture of accountability and responsibility. We will also seek to better link employee compensation to the creation of long-term shareholder value. I am excited by the challenges as well as by the opportunities that lie ahead, and I assure you that your Board and the Management of your company, are well equipped to meet these challenges and take advantage of the opportunities in the Nigerian economy generally, and in our existing businesses more specifically.

> The 2018 financial year is a transitional year, in which your Board will begin to tackle the root causes of your company's historical declining-performance and implement initiatives to drive future profitable growth

FINAL NOTE OF THANKS

Distinguished shareholders; your company was most fortunate to have had Messrs. Larry Ettah and Joseph Dada serve as Chief Executive Officer and Executive Director respectively and I would like, on your behalf, to thank these excellent gentlemen for their meritorious service to the company. I also wish to place on record our collective gratitude to the employees of our company for their hard work in 2017. I would also like to thank our valued customers, for standing by us, and for staying loyal to our products and brands. I am grateful to my colleagues on the Board, for their co-operation and contributions. Finally, I would like to thank you, our loyal shareholders, for keeping faith with your company over the years and I ask that you provide our new Group CEO with your support, as he assumes the executive leadership.

Thank you for your attention.

Mr Dan Agbor,
CHAIRMAN
FRC/2013/NBA/00000001748

I am pleased to report that as a result of your strong support, the Rights issue was 104.5% subscribed. This reflects the confidence you still have in your company.

NOTICE of Annual General Meeting

NOTICE IS HEREBY GIVEN that the next Annual General Meeting of the Members of UAC of Nigeria PLC will be held at Golden Tulip Festac, Amuwo-Odofin, Lagos on Wednesday, 20th June, 2018 at 10.00 o'clock in the forenoon, in order to transact the following businesses:

Ordinary Business

1. Lay before the Members the Report of the Directors, the Consolidated Statement of Financial Position of the Company as at 31st December 2017, together with the Consolidated Statement of Comprehensive Income for the year ended on that date, and the Reports of the Auditors and the Audit Committee thereon.
2. Declare a Dividend
3. To Elect & Re-elect Directors
4. To authorize the Directors to fix the Remuneration of the Auditors.
5. Elect Members of the Audit Committee

Special Business

6. Fix the remuneration of the Directors
7. To approve severance payment for Messrs Larry Ettah and Joseph Dada, retired Group Managing Director and Executive Director, Corporate Services respectively
8. To renew the general mandate for recurrent transactions with related parties

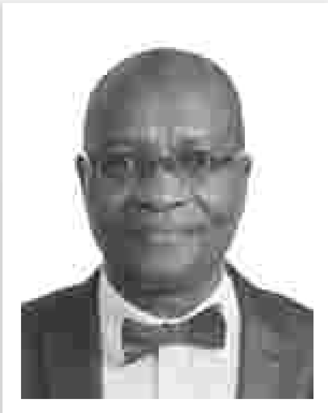
Proxy

A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote, instead of him/her and such a proxy need not be a member of the Company. A proxy form is enclosed and if it is to be valid for the purposes of the meeting, it must be completed and deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.

Dated this 28th day of March, 2018

By Order of the Board

Godwin A Samuel, Esq.
Company Secretary/Legal Adviser
FRC/2013/NBA/00000002608
Registered Office
UAC House
1-5 Odunlami Street
Lagos



NOTES

Dividend

In view of the results, the Directors have recommended the payment of a dividend of 65 kobo per ordinary share to members. The resolution to this effect, will be put to the meeting, for the approval of members.

Dividend Warrants

If payment of the dividend is approved, the warrants will be posted on 21st June, 2018 to shareholders whose names are on the Register of Members at the close of business on Monday 14th May, 2018.

Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed from Tuesday 15th to Friday 18th May, 2018 (both dates inclusive) for purposes of processing payment of dividend.

Audit Committee

The Audit Committee consists of three (3) shareholders and three Directors. Any member can nominate a shareholder as a member of the Committee, by giving notice in writing of such nomination to the Company Secretary for at least twenty-one days before the Annual General Meeting. Nominators should please submit a brief profile of their nominees to the Company Secretary, along with the nomination forms .

Rights of Securities Holders to ask Questions

Securities' holders have a right to ask questions, not only at the meeting, but also in writing, prior to the meeting, and such questions must be submitted to the Company Secretary, on or before 13th day of June, 2018.

Unclaimed Dividend List

Unclaimed dividends list Nos 51 & 52 have been uploaded on the Company's website www.uacnplc.com.

E-Dividend/Bonus

Pursuant to the directive of the Securities and Exchange Commission, notice is hereby given to all Shareholders, to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of e-dividend/bonus. Forms are attached to the Annual report for completion by all shareholders to provide the particulars of these accounts, to the registrar (Africa Prudential Registrars PLC) as soon as possible.

NOTICE of Annual General Meeting

Record of Director's Attendance at Board Meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the record of Directors' attendance at Board Meetings, during the year, will be made available for inspection at this Annual General Meeting.

Directors Retiring By Rotation

In accordance with the Articles of Association of the Company, Dr. Umaru Alka and Mr. Babatunde Oladele Kasali are the Directors retiring by rotation at the meeting and being eligible offer themselves for re-election. Mrs Omolara Elemide, Mr Folasope Aiyesimoju and Mrs Olufunke Ighodaro who were appointed to the Board since the last Annual General Meeting retired at the meeting and will be presented for election.

Board of Directors, Professional Advisers etc

Board of Directors

Mr. Daniel Owor Agbor	Non-Executive Chairman
Mr. Abdul Akhor Bello	Group Chief Executive Officer wef Jan 1, 2018
Mrs. Awuneba Sotonye Ajumogobia	Independent Non-Executive Director
Dr. Umaru Alka	Non-Executive Director
Mr. Babatunde Oladele Kasali	Non-Executive Director
Dr. Okechukwu John Mbonu	Non-Executive Director
Mrs Omolara Iswat Elemide	Appointed Executive Director, Corporate Services wef Jan 1, 2018
Mr. Fola Aiyesimoju (Mr. Peter Mombaur, his alternate)	Appointed Non-Executive Director wef 28/3/2018
Mrs Olufunke Ighodaro (Mr. Peter Mombaur, her alternate)	Appointed Non- Executive Director wef 28/3/2018
Mr. Larry Ephraim Ettah	Retired wef January 1, 2018
Mr. Joseph Ibrahim Dada	Retired wef January 1, 2018

Company Secretary/Legal Adviser
Godwin Abimbola Samuel

Registered Office and Transfer Office
UAC House
1-5, Odunlami Street
Marina, Lagos

Independent Auditors
Ernst &Young
UBA House,
10th & 13th Floors
Marina, Lagos

The Registrar
Africa Prudential PLC
220B Ikorodu Road,
Palmgrove,
Lagos

> The Directors are responsible for the preparation of the Annual Financial Statements which gives a true and fair view of the position of the Company.

Directors' Responsibilities

This statement, which should be read in conjunction with the Auditors' statement of their responsibilities, is made with a view to setting out for Shareholders, the responsibilities of the Directors of the Company, with respect to the financial statements.

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of annual financial statements, which gives a true and fair view of the Company and of the Statements of Comprehensive Income for the Financial Year.

The responsibilities include ensuring that:

(a) Appropriate internal controls are established, both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

(b) The Company keeps accounting records, which disclose with reasonable accuracy the financial position of the company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act;

(c) The company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed and;

(d) The growing concern basis is used, unless it is inappropriate to presume the company will continue in business.

Profile of Directors

Mr. Daniel Owoh Agbor, 58

Mr. Agbor is the Managing Partner of the law firm of Udo Udoma & Belo-Osagie, with responsibility for managing the law firm and with continuing responsibility for leading the firm's mergers and acquisitions and private equity practices. He brings to the Board a wealth of experience from his distinguished careers in banking and legal practice. He holds a B.Sc. degree in Political Science and an M.PA (Masters in Public Administration), both from the University of Calabar. He also holds a Bachelor of Laws (LL.B) degree of the University of Benin and was called to the Bar in 1986 after passing the Bar Examinations of the Nigerian Law School. He is a member of both the Nigerian Bar Association and the International Bar Association. Prior to joining Udo Udoma & Belo-Osagie in 1990, he held various positions in Nigeria International Bank Limited (now Citibank Nigeria Limited), where he worked in the Corporate Finance Unit and in Gulf Bank of Nigeria Limited, where he was Company Secretary/ Legal Adviser. He is on the Board of Directors of several companies, including being a Non-Executive Director of FSDH Merchant Bank Limited and Swift Network Services Limited respectively, and an alternate director of Nigerite Limited. He was recently appointed as the chairman of the Board of Directors of St. Nicholas Hospital

He has attended several training programmes within and outside Nigeria, including Euromoney Training Programme on Effective Risk Management Oversight for Board Members & Executives, a Jeff & O'Brien facilitated Training Programme on Enterprise Wide Risk Management for Board of Directors, IFRS Partner Training on "IFRS Readiness for Boards and Audit Committees", a Business Education Examinations Council Programme for Board Chairmen, Chief Executives, Directors and Board Secretaries, Euromoney Training Programme on Private Equity & Venture Capital and Arthur Andersen & Co Basic Accounting Course. Mr. Agbor joined the Board of UAC of Nigeria PLC in November 2015. He is the Non-Executive Chairman of the Board.

Mr. Abdul Akhor Bello, 57

Mr. Bello is a fellow of the Institute of Chartered Accountants of Nigeria. He has attended leadership programmes at the Wharton School of the University of Pennsylvania, Harvard Business School and IMD Global Board Centre, Switzerland. He is an alumnus of Oxford University's Advanced Management and Leadership Programme. Mr. Bello has worked variously as Chief Accountant, Inlaks Plc; Chief Accountant and Financial Controller, Grand Cereals Limited; Senior Group Accountant, UAC of Nigeria PLC; Finance Director and Company Secretary and later Managing Director of CAP PLC; Managing Director of UPDC Plc and Executive Director/Chief Financial Officer, UAC of Nigeria PLC. He was appointed the Group Chief Executive Officer of UAC of Nigeria PLC in January 2018.

Profile of Directors

Mrs. Awuneba Sotonye Ajumogobia, 59

Mrs. Ajumogobia is a fellow of the Institute of Chartered Accountants of Nigeria with over twenty-five (25) years experience in external audit, accounting, finance and marketing. She graduated from University of Ibadan with a B.Sc. (Hons) degree in Economics and acquired broad professional experience in audit, taxation and consultancy across several industries at the audit firms of Peat Marwick and Deloitte. She later joined Andersen Consulting (now Accenture), where she worked for thirteen years.

Mrs. Ajumogobia currently serves as Executive Director of Multistream Energy Limited, she is on the Board of University of Ibadan Research Foundation, Finance Committee of Musical Society of Nigeria (MUSON), chairs the Governing Council of Grange School, Lagos, where she also sits on the Board of Directors and is an associate of WIMBIZ (Women in Management, Business and Public Service).Mrs. Ajumogobia joined the Board of UAC of Nigeria PLC in July 2009.

She is the Chairman of the Board Risk Management Committee, as well as a member of the Statutory Audit Committee. She remains committed to professional development in private Equity, Finance, Risk Management, Financial Journalism, the Education sector and leadership at local and global programmes, including Harvard Business School, London Business School, IMD, Bloomberg Media Initiative and Lagos Business School.

Engr. (Dr.) Okechukwu John Mbonu, 66

Engr. Mbonu is a Partner of Execution Edge Limited. He holds a first-class honors (B.Sc.) and Ph.D. degrees in Mechanical Engineering from the University of Manchester, UK. He is a COREN registered Engineer, a Fellow of the Nigerian Society of Engineers (FNSE), a Fellow of the Nigerian Institution of Mechanical Engineers (FNIMechE), a Fellow of the Sierra Leone Institute of Engineers (FSLIE) and a Fellow of the Nigerian Academy of Engineering (FAEng). He started his career as an Engineer with Nigerian Breweries PLC in 1982 and after holding several engineering positions, was appointed the Engineering Manager of the company in 1990. He was the first Nigerian to be so appointed. In 1996, he was seconded by Nigerian Breweries PLC to Shell Petroleum Development Company of Nigeria (SPDC) on contract. After the contract with SPDC, he returned to Nigerian Breweries PLC and was elevated to the Board of Nigerian Breweries PLC as the company's Human Resource Director (HRD) in November, 1999. He was later appointed

the Customer Service Director (CSD) in November, 2001. In March, 2005, he was posted to Heineken International and then to Sierra Leone Brewery Limited, Freetown as the Managing Director/Chief Executive Officer of the company.

Upon retirement from the services of Heineken International/Nigerian Breweries in August, 2009, he joined the services of PricewaterhouseCoopers (PwC), Nigeria Limited as a Director in their Advisory Line of Service. He joined Execution Edge Limited in July 2014, as one of the founding Partners. He is the Non-Executive Chairman of Cutix PLC, Nigeria. He joined the Board of UAC in November 2015 as a Non-Executive Director.

Mr. Babatunde O. Kasali, 64

Mr. Kasali graduated with B.Sc. (Hons) Economics Degree from Manchester Metropolitan University, United Kingdom. He is a Fellow of the Institute of Chartered Accountants of Nigeria. His work experience include Audit Senior, Ernst & Young (Chartered Accountants) United Kingdom, Assistant Internal Auditor, Amex Bank PLC, United Kingdom, and Principal Manager, Ernst & Young (Chartered Accountants) Nigeria. He was also Chief Inspector, Regional Director, Divisional Director and Regional Bank Head, Consumer and Commercial Banking Group, United Bank for Africa PLC respectively. He was a Non-Executive Director of UACN Property Development Company PLC before joining the Board of UAC of Nigeria PLC in March 2013. He is the Non-Executive Chairman of Wema Bank PLC.

Dr. Umaru Alka, 65

Dr. Alka is an expert in environmental pollution and conservation. He had his secondary education at the prestigious King's College, Lagos. He thereafter attended Ahmadu Bello University, Zaria from where he earned a B.Sc. (Hons) degree in Chemical Engineering and M.Eng. in Water Resources and Environmental Engineering. He obtained a Ph.D. in Environmental Control Engineering from Newcastle Upon-Tyne, United Kingdom. He has acquired deep experience in his specialty from working with the Bauchi State Water Board from 1976 to 1985 and the Abubakar Tafawa Balewa University (formerly Abubakar Tafawa Balewa College of Ahmadu Bello University, Zaria) from 1985 to 1987. From 1987 to date he has run his own Environmental and Water resources Engineering outfit, Alka-Chem Limited. He had also at various times served on the Boards of the Federal Housing Authority,

Profile of Directors

Bauchi State Water Board, Lake Chad Research institute and as an Adviser to the Bauchi State Government on Environmental, Industrialization and Water resources Development. He is a member of the Nigerian Society of Engineers, Nigerian Society of Chemical Engineers, Institution of Water Pollution Control (UK) and the Institute of Public Health Engineering (U.K). He is a part-time member of the Board of Directors of Bauchi State Water and Sewage Corporation. He was a Non-Executive Director of Chemical and Allied Products PLC, from where he was appointed to the Board of UAC of Nigeria PLC in March 2013.

Mrs. Olufunke Ighodaro, 55

Mrs. Ighodaro is a commercially astute and experienced business leader, with considerable experience in executive, as well as, non-executive leadership positions, with some of Africa's most successful companies. She holds a B.Sc. (Hons) degree in Operational Research from Salford University and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is an independent non-executive director and audit committee member at Datatec Limited, an international information and communications technology business, with a market capitalization of c.$500 million and independent non-executive director and audit committee chair at Transaction Capital Limited, a $900m business, which operates in highly specialised and under-served segments of the South African and Australian financial services markets. She also serves as an independent non-executive director for the Institute of Chartered Accountants of England and Wales, Members' Advisory Board for Africa. She was recently appointed by the Central Bank of Nigeria, the Nigerian Communications Commission and a syndicate of 13 lenders to the Interim Board of Emerging Markets Telecommunication Services Limited, where she serves as Executive Director & Chief financial officer focused on stabilizing the business ahead of a third-party sale. Her prior work experience includes serving as CFO at Tiger Brands Limited, Africa's leading food producer with more than $2.5 billion in sales and operations across Africa and Latin America. Prior to Tiger Brands, she was CFO at Primedia Limited and Executive Director at Kagiso Trust Investments. Funke spent the early part of her career working with the Standard Bank Group in Johannesburg and PricewaterhouseCoopers in London.

Mr. Aiyesimoju is a finance professional with experience spanning corporate finance, principal investing and private equity. Over the course of his career he has lived and worked in Sub-Saharan Africa's most important economies gaining experience of the operating landscape in the region. He holds a B.Sc (Hons) degree in Estate Management from the University of Lagos, where he was awarded a Certificate of Excellence in Real estate development and finance, and earned the right to use the CFA designation in 2006.

Fola is the founder of Themis Capital Management, an investment firm focused on concentrating capital and talent on high-potential opportunities in Sub-Saharan Africa. Prior to founding Themis, he worked with Kohlberg Kravis Roberts, a leading global investment firm with $168 billion in assets under management. His experience also includes working with the Standard Bank Group, where he led mergers and acquisitions in Nigeria. Fola spent the early part of his career with Ocean and Oil Holdings Limited, a principal investment firm in Nigeria and ARM Investment Managers, one of Nigeria's leading investment advisory and wealth management firms. He co-founded Foodpro Limited, a nutritional snacks business focused on edible nuts, where he currently serves as a non-executive director.

Mr. Folasope Babasola Aiyesimoju, 37

Mrs. Omolara Iswat Elemide, 58

Mrs. Elemide joined UAC of Nigeria Plc (UAC) on October 4, 1983. A Fellow of the Institute of Chartered Accountants of Nigeria, she holds a Higher National Diploma in Accountancy from Kwara State Polytechnic, Ilorin. She had worked in various capacities within the UAC group. She was on a six-month attachment with the Unilever International Audit Departments in Germany, United States of America and United Kingdom in 1991, after which she became the Senior Group Manager, Unilever International Audit, Lagos. At the divestment of Unilever from UACN in 1994, she assumed the position of the Group Audit Manager. She was at different times between 1997 and 2005, the Divisional Commercial Director and Finance Director of G B Ollivant/MDS Division and UACN Property Development Company Plc, respectively.

Mrs Elemide joined the Board of Chemical and Allied Products PLC ("CAP PLC") as Finance Director/Company Secretary in February 2005, a position she held until May 4, 2009 when she was appointed the Managing Director of the company. She has attended various local and international training programmes amongst which are the Bullet-Proof Manager Training Series by Crestcom International Colorado, USA, International Management Seminar at the Four Acres, UK, Unilever International Audit Seminar, USA, and Strategy & Finance at the Ashridge Business School, UK. She was appointed the Executive Director, Corporate Services of UAC of Nigeria PLC with responsibility for Human Resource, Marketing and Strategy & Innovation on the 1st of January, 2018.

Directors

1. Dr. Umaru Alka 2. Mr. Babatunde O. Kasali 3. Mrs. Awuneba S. Ajumogobia 4. Engr. (Dr.) Okechukwu John Mbonu

5. Mr. Daniel Owoh Agbor CHAIRMAN 6. Mr. Abdul Akhor Bello GROUP CHIEF EXECUTIVE OFFICER
7. Mrs. Olufunke Ighodaro 8. Mr. Folasope Babasola Aiyesimoju 9. Mrs. Omolara Iswat Elemide

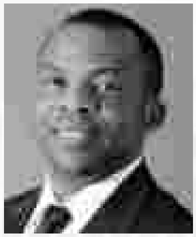
GROUP SENIOR MANAGEMENT TEAM


Mr. Abdul Bello
Group Chief Executive Officer


Mrs. Omolara Elemide
Executive Director, Corporate Services


Mrs. Adeniun Taiwo
Chief Financial Officer, UACN


Mrs. Oluwakemi Ogunnubi
Managing Director, CAP Plc

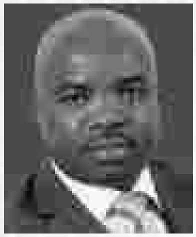

Mr. Chidi Okoro
Managing Director, UAC Foods Ltd.


Mr. Hakeem Ogunniran
Managing Director, UPDC Plc


Mr. Olayiwola Oyatoki (DECEASED)
Managing Director, Grand Cereals Ltd.

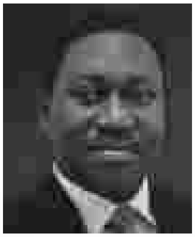

Mr. Mukhtar Yakasai
Deputy MD, Grand Cereals Ltd.


Mrs. Muhibat Abbas
Managing Director, UNICO CPFA Ltd.


Mr. Solomon Aigbavboa
Managing Director, Livestock Feeds Plc


Mrs. Joan Ihekwaba
Managing Executive, UAC Restaurants Ltd.


Mr. Adedamola Olusunmade
Managing Director, Portland Paints Plc


Mr. Taiwo Ajibola
Managing Director, MDS Logistics Ltd.


Mr. Godwin Samuel
Company Secretary/Legal Adviser, UACN


Mr. Tunde Adenekan
Head, Information Technology, UACN


Dr. Babatunde Lawal
Head, Medical Services, UACN


Mrs. Osa Osowa
Head, Human Resources, UACN


Mrs. Esosa Balogun
Head, Risk & Compliance, UACN

Directors' Report

The Directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 31st December 2017.

PROFIT FOR THE YEAR	2017 ₦'000	2016 ₦'000
Group Profit for the Year	962,824	3,079,827

Dividend

The Directors have recommended the payment of 65kobo dividend per ordinary share, held at the close of business on Monday May 14, 2018.

Activities

UAC of Nigeria PLC is a diversified business with activities in the following principal sectors: Food & Beverage, Real Estate, Paints and Logistics.

CORPORATE GOVERNANCE REPORT

UAC of Nigeria PLC is a company of integrity and high ethical standards. Our reputation for honest, open and dependable business conduct, built over the years is an asset just as our people and brands. We conduct our business in full compliance with the laws and regulations of Nigeria and our Code of Business Conduct.

The Board of Directors

Under the Articles of Association of the Company, the business of the Company shall be controlled and managed by the Directors, who may exercise all such powers of the Company as are not by statute or the Articles to be exercised by the Company in the general meeting. The operations of the Board of Directors of UAC of Nigeria PLC are governed by the Company's Memorandum and Articles of Association, Board Charter, applicable laws and regulations.

Composition of the Board of Directors

The Board of Directors was made up of five Non-Executive and three Executive Directors during the 2017 financial year. All the Directors had access to the advice and services of the Company Secretary. With the approval of the Chairman of the Board, they may take advice from third party professionals in areas where such advice will improve the quality of their contribution to Board deliberations.

Separation of Positions of Chairman and Managing Director

In the year under review, the Position of the Chairman was distinct from that of the Group Managing Director/CEO. The two positions were occupied by Mr. Dan Agbor and Mr. Larry Ephraim Ettah respectively. The other Executive Directors were Mr. Abdul Bello, Executive Director/Chief Financial Officer and Mr. Joseph Dada, the Executive Director, Corporate Services. Other Non-Executive Directors that served during the year were Mrs. Awuneba Ajumogobia, the Independent Non-Executive Director, Engr. Dr. Okechukwu John Mbonu, Mr. Babatunde Kasali and Dr. Umaru Alka.

The Roles and Responsibilities of the Board

The following matters are reserved for the Board of Directors of the Company:

a Formulation of policies, strategy and overseeing the management and conduct of the business;

b. Formulation and management of risk management framework;

c. Succession planning and appointment, training, remuneration and replacement of Board Members and Senior Management;

d. Overseeing the effectiveness and adequacy of internal control systems;

e. Overseeing the maintenance of the Company's communication and information dissemination policy;

f. Performance appraisal and compensation of Board Members and senior executives;

g. Ensuring effective communication with shareholders, other stakeholders, and the investing public;

h. Ensuring the integrity of financial controls and reports;

i. Ensuring that ethical standards are maintained;

j. Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and Code of Corporate Governance by the Company and its Business Units;

k. Definition of the scope of delegated Authority to Board committees and management and their accountabilities;

l. Definition of the scope of corporate social responsibility through the approval of relevant policies;

m. Approval and enforcement of a code of ethics and business practices for the Company, the employees and directors.

Board Appointment Process

The Governance & Remuneration Committee serves as nomination Committee for recommending candidates to fill vacant positions on the Board. The process of appointing Directors involves a declaration of a vacancy at a Board meeting. The curriculum vitae of suitable candidates having regard to the required skills, competence and experience are referred to the Governance and Remuneration Committee for necessary background checks, informal interviews/interaction and a recommendation for Board's consideration and approval. Board positions are also sometime given to significant investors who own above 10% of the issued and paid up share capital of the Company, as part of the terms of investment. Changes on the Board are timeously notified to relevant regulatory authorities and the investing public. A Director appointed by the Board is presented in the next Annual General Meeting of the members of the Company for election in line with statutory requirement.

Directors' Induction and Training

Every newly appointed Director receives a comprehensive letter of appointment, which spells out the terms of reference of the Board and its

Directors' Report CONT'D

Committees, the Board Structure, Board plan for current year, remuneration and demand on his time and disclosure requirements. The letter of appointment is accompanied by significant Company documents and policies such as: Memorandum and Articles of Association of the Company, latest Annual Report & Accounts, 2011 SEC Code of Corporate Governance for Public Companies in Nigeria, UACN Code of Business Conduct, previous year's Board minutes, to help the new Director gain an understanding of the Company, its history, culture, core values, governance framework, business principles, people, operations, brands, projects, processes and plans. A new Director undergoes an induction/ orientation process whereby he is introduced to members of the Board of Directors, leadership teams of Corporate Centre and Subsidiary Companies and classroom lectures on UAC legacy, core values, and business verticals; corporate governance framework, fiduciary duties of Directors, ethics and policies; overview of budget, delegation of authority framework, risk management and investor's relations in the Company; and performance and talent management among others.

Operational visits are also arranged to introduce the new Director to business operations of the subsidiary Companies. Periodic training programmes are organized for Board members from time to time.

Board Meetings

The Board met 7 times during the 2017 financial year. The following table shows the attendance of Directors at the Board Meetings:

DIRECTOR	29/3	24/5	14/6	25/7	26/10	22/11	6/12
Mr. Daniel Agbor	P	P	P	P	P	P	P
Dr. Okechukwu Mbonu	P	P	P	P	P	P	P
Mr. Larry Ettah	P	P	P	P	P	P	P
Mr. Abdul Bello	P	P	P	P	P	P	P
Mr. Joseph Dada	P	P	P	P	P	P	P
Mrs. Awuneba Ajumogobia	P	P	P	P	P	P	P
Mr. Babatunde Kasali	P	P	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P	P	P

Key: P - Present

Board Evaluation

We have in place a robust mechanism for undertaking a formal and rigorous annual evaluation of the performance of the Board, Board Committees and individual Directors. A very detailed Board Evaluation Questionnaire is annually administered on all Board members, in line with regulatory requirements and best practice. Feedback are given to Board members at the end of the exercise. A summary of the issues from the evaluation is discussed by the Board and necessary action taken.

Composition of Board Committees

The Board functioned through two Board Committees namely, Risk Management Committee and Governance & Remuneration Committee during the year under review. Board Committees make recommendations for approval by the full Board.

1. The Risk Management Committee

The Committee was chaired by Mrs. Awuneba Ajumogobia, the independent Non-Executive Director and was made up of another Non-Executive Director and three Executive Directors.

The Terms of Reference for the Risk Management Committee are as follows:

i. Understand the principal risks to achieving the company and group's strategy;
ii. Oversee the establishment of a management framework, that defines the company's risk policy, risk appetite and risk limits;
iii. Ensure that business profile and plans are consistent with the Company and group risk appetite;
iv. Assist the Board in overseeing risk management and monitoring the Group's performance with regards to risk management;
v. Review the process for identifying and analyzing business level risk;
vi. Agree and implement risk measurement and reporting standards as well as methodologies;
vii. Periodically review the key controls, processes and practice, including limit structure;
viii. Monitor, review and challenge all aspects of the Company's and group's risk profile; key risk management practice;
ix. Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
x. Monitor risk management policies to ensure they are integrated into the Company's culture;
xi. Review quarterly risk management reports and make recommendation to the Board on appropriate actions;
xii. Ensure UACN's risk exposures are within approved risk control limits;
xiii. Assess new risk-return opportunities;
xiv. Undertake, at least annually, a thorough risk assessment covering all aspects of the Company's business and use the result of the risk assessment to update the risk management framework of the Company;
xv. Review the structure for, and implementation of,

Directors' Report CONT'D

risk measurement and reporting standards, as well as, methodologies;

xvi. Ensure disclosure of the Company and group risk management policies and practices in the annual report.

Audit

I. Review updates on implementation level of internal and external auditor's recommendations by management, from Board Representatives on the Audit Committee.

ii. Recommend for Board approval, the appointment of an Internal Audit Service Provider;

iii. Periodically evaluate the performance of Internal Audit Service Provider and make recommendation to the Board;

iv. Periodically review the manning level and the adequacy of the resources with which the Internal Audit and Risk functions discharge their duties.

Whistle Blowing

I. Oversee the establishment of Whistle Blowing procedures for the receipt, retention, and treatment of Complaints received by the Group regarding accounting, internal controls and/or auditing matters, unethical activity, breach of the Corporate Governance Code and the confidential/anonymous treatment of submission by Stakeholders (Employees, Customers, Suppliers, Applicants etc.) of the Group with respect to such Complaints.

Others

I. Oversee the company's financial reporting, its policies and processes;

ii. Review the group's operational performance;

iii. Make recommendations to the Board on capital expenditure, specific projects and their financing, within the overall approved plan;

iv. Make recommendations on management of Company's cash and debt exposure/ borrowings;

v. Monitor compliance with applicable laws and regulations by the Company and its subsidiaries.

Committee Meetings

The Risk Management Committee met 3 times during the year. The following table shows the attendance of the members of the committee at the meetings:

DIRECTOR	12/4	12/7	11/10
Mrs. Awuneba Ajumogobia	P	P	P
Mr. Babatunde Kasali	P	P	P
Mr. Larry Ettah	P	P	P
Mr. Abdul Bello	P	P	P
Mr. Joseph Dada	P	P	P

Key: P - Present

2. The Governance and Remuneration Committee

The Committee was chaired by Mr. Dan Agbor, a Non-Executive Director and made up of two other Non-Executive Directors. The GMD/CEO only attends the meetings of the Committee to present reports and shed light on people management and remuneration proposals.

The Terms of Reference of Governance and Remuneration Committee are as follows:

a. To periodically evaluate the skills, knowledge and experience required on the Board and make recommendations on the composition of the Board;
b. To define the criteria and the procedure for the appointment of Directors to Board and Board committees;
c. To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
d. To nominate new Directors for appointment to the Boards of the Company, and subsidiary and associated companies;
e. To recommend the appointment, remuneration and promotion of Executive Directors and Senior Management;
f. To perform annual evaluation of the Board, Board committees and Boards of subsidiary companies as appropriate;
g. To set the performance targets/criteria and evaluate the performance of the Group Managing Director/CEO and make recommendations to the Board on his performance;
h. To review from time to time succession planning proposals and implementation;
I. To document and review the Board Charter and composition, roles, responsibilities, authorities, reporting framework of Board Committees and the Boards of Subsidiary companies;
j. To make recommendations to the Board on the adoption of a Code of Conduct (including policy on trading in Company's Shares) for Directors and Senior Executives and to review the same from time to time;
k. To make recommendations to the Board on the whistle blowing process for the Company that encourages stakeholders to report any unethical activity/breach in Corporate Governance;
I. To oversee continuing education of Board members and induction of new directors;
m. To make input into the annual report of the Company in respect of Directors' compensation;
n. To review and make recommendations to the Board for approval on the Company's organizational structure and propose amendments;
o. To review and make recommendations to the Board on group-wide staff appraisal, salary and compensation.

Committee Meetings

The Committee met 6 times in 2017. The following table shows the attendance of committee members at the Meetings:

DIRECTOR	29/3	24/5	26/7	25/10	22/11	6/12
Mr. Daniel Agbor	P	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P	P
Dr. O. Mbonu	P	P	P	P	P	P

Directors' Report CONT'D

Management

At the Management Level, a Business Review Committee presided over by the Group Managing Director/CEO, comprising the Executive Directors, Managing Directors of Subsidiary Companies and Heads of Corporate Centre Units met every month to review business performance and operational and strategic issues of the Group and Subsidiary Companies.

The members of the leadership teams of the Corporate Centre and Business Units also attend an Annual Business Retreat to review the performance of the Business Units and the Group, discuss the approved budget for the current year and agree execution modalities. The Chairman of the Board also attends the Annual Group Business Retreat to give Management Board's feedback on corporate strategy, business direction, performance and expectations.

The list of current Group Senior Management Team is on Page 29 of this Annual Report.

Code of Business Conduct

The Company has refreshed its Code of Business Conduct for Employees and other Stakeholders to align it with international best practice. The Board of Directors is responsible for ensuring that the Code is communicated to, understood and observed by, all employees.

THE STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee consisted of six members made up of three representatives of shareholders elected at the previous Annual General Meeting for a tenure of one year and three representatives of the Board of Directors nominated by the Board. The Chairman of the Committee is Mr Olabisi Fayombo, a Chartered Accountant and a shareholders' representative. The Company Secretary is the Secretary to the Committee. The meetings of the Committee were attended by representatives of KPMG Professional Services, our Internal Audit Service Provider, Ernst & Young, our Independent Auditors and UAC Head of Risk & Compliance. The Committee operates within the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation, 2004, 2011 SEC Code of Corporate Governance for Public Companies in Nigeria, Audit Committee Charter, Internal Audit Charter and best practice. The following table shows members' attendance at the four meetings the Committee held in 2017:

NAME	28/3	12/6	25/7	12/10
Mr. Olabisi Fayombo	P	P	P	P
Mr. Matthew Akinlade	P	P	P	P
Mrs. Awuneba Ajumogobia	P	P	P	P
Mr. Kenneth Nnabike	P	P	P	P
Mr. Babatunde Kasali	P	P	P	P
Dr. Umaru Alka	P	P	P	P

Key: P - Present

The Terms of Reference of the Committee

The following are the terms of reference of the Committee:

The Committee is authorized by the Companies and Allied Matters Act, 2004 ('CAMA') to:

a) Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
b) Review the scope and planning of Audit requirements;
c) Review the findings on Management matters, in conjunction with the External Auditor and departmental responses thereon;
d) Keep under review the effectiveness of the Company's system of accounting and internal control;
e) Make recommendations to the Board, with regard to the appointment, removal and remuneration of the External Auditors of the Company;
f) Authorize the Internal Auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee;
g) Receive quarterly/periodic reports from the Internal Audit Unit.

In addition, 2011 SEC Code of Corporate Governance also assigns specific responsibilities to the Committee.

Control Environment

The Board reviews the control environment of the Company at its quarterly meetings and ensures that audit recommendations are fully implemented by all concerned. A Fraud Policy is in place to promote consistent organizational behaviour, by providing guidelines and assigning responsibilities for the deployment of controls and conduct of investigations. The fraud policy is complemented by the Sanctions Grid, whereby the Board sends a strong message to the Business Units and employees on the Company's zero tolerance level for persistent audit exceptions and unimplemented audit recommendations. A Group-wide Risk & Compliance Unit is in place at the Corporate Centre and in all the Business Units to drive implementation of audit recommendations and strengthen the control environment. The Company operates an outsourced Internal Audit and Whistle Blowing services, provided by KPMG Professional Services.

Securities Trading Policy

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide Employees and Directors of the Company, persons closely connected to them, and all insiders of the Company on trading in the securities of the company. Under the policy, the closed period shall be effective from 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter, or the date of circulation of agenda papers pertaining to any of the said matters, whichever is earlier, up to 24 hours after the price sensitive information is submitted to the NSE.

Directors' Report CONT'D

The trading window shall, thereafter be opened. We hereby confirm that no Director traded in the securities of the Company within any of the closed periods.

Shareholders Complaints Management Policy

We have put in place a Complaints Management Policy to handle and resolve complaints, from our Shareholders and investors. The Policy was defined and endorsed by the Company's Executive Management, that is also responsible for its implementation and for monitoring compliance. The Policy is on the Company's website and made available to Shareholders at Annual General Meetings.

Compliance with the Code of Corporate Governance

The Company has complied with the 2011 SEC Code of Corporate Governance for Public Companies.

Directors' Interest in Ordinary Shares

DIRECTORS	December 2017 Ordinary Shares		December 2016
	INDIRECT	DIRECT	DIRECT
Mr D O Agbor	-	328,400	-
Mr. L E Ettah	-	2,400,000	2,400,000
Mr. A A Bello	-	124,388	124,388
Mr. J I Dada	-	103,124	103,124
Mrs. A Ajumogobia	-	925	925
Dr. O. Mbonu	-	4,184	4,184
Dr. U Alka	-	10,000	10,000
Mr. B Kasali	74,098,127	31,569	-
Mr. F B Aiyesimoju	-	-	-
Mrs O Ighodaro	-	106,892	-
Mrs. O I Elemide			

Directors' Interest in Contracts

Some of the Directors gave notices for the purposes of Section 277 of the Companies and Allied Matters Act, 1990, to the effect that they are Directors/partners of some specified entities, which could be regarded as interested in some contracts in UACN group during the year under review. Mr Daniel Agbor is a Partner in the law firm of Udo Udoma & Belo-Osagie which renders legal services to Companies within the group, from time to time. He is also a Non-Executive Director of FSDH Merchant Bank Limited, which had a banking relationship with the Company during the year. Mr Ettah is a Non-Executive Director of Coronation Merchant Bank Limited, which had a banking relationship with some Companies within the group during the year.

Charitable Gifts and Donations

	₦
Zawan (Jos Plateau State) Community Projects	45,527,236
Goodness League & Paint Accessories to Government Technical Colleges	6,756,822
Product Sponsorships	5,508,634
Other charitable expenditure	9,103,980
TOTAL	**66,896,672**

Operational Review FY2017

FOOD AND BEVERAGE

ANIMAL FEEDS & EDIBLES: GRAND CEREALS LIMITED & LIVESTOCK FEEDS PLC

- Highly competitive market; competitive intensity heightened by aggressive new entrants
- In the near term, the industry suffers from excess capacity on account of recent investment and decline in farm activities due to margin erosion
- Long-term growth supported by low levels of protein consumption and increasing domestic product

UAC will focus on maintaining market share and aggressively driving efficiencies. The Group will seek out higher margin niches within the space

PACKAGED FOODS: UAC FOODS LIMITED

- Highly competitive operating environment resulting from aggressive new entrants with value-based offerings
- Resistance to price increase of Gala Sausage roll
- Long-term growth supported by demographics and urban migration

The business is focusing on driving brand building activities, entrenching its Route to Market through retail penetration and developing new products

QUICK SERVICE RESTAURANT: UAC RESTAURANTS LIMITED

- Highly competitive market impacted by declining purchasing power
- 12 store closures as a result of non-performing franchisees
- Rising cost of operations relative to declining revenue

UAC will undertake a review of the business with a view to fixing business fundamentals in the short-term

PAINTS: CAP PLC & PORTLAND PAINTS AND PRODUCTS NIGERIA PLC

- UAC will focus on maintaining market share and aggressively driving efficiencies
- Declining purchasing power leading to market contraction
- Entry of international players heightening competition
- Downturn in the real estate sectors dampened result
- Long-term growth supported by huge housing deficit

UAC will invest behind the brands and expand distribution network

LOGISTICS: MDS LOGISTICS LIMITED

- Leading provider of integrated supply chain solutions to manufacturers, importers and service providers
- Recessionary pressures impacted volume throughput from certain clients
- Low truck availability resulting from poor road conditions

UAC will focus on expanding its position in providing niche outbound supply chain services and optimise operations to grow profit

REAL ESTATE: UPDC PLC

- Persisting harsh macro-economic headwinds
- High interest rate regime discouraging project development
- Oversupply of products leading to glut and vacancies, fuelled by purchasing power decline
- Retail tenants enjoying retention perks from landlords
- Long-term growth supported by huge housing deficit

The business will focus on refinancing of short-term borrowings, reduction of debt and overall restructuring of the company

The bearish equity market and low interest on money market instruments in the first half of the year affected the Funds under Management by **UNICO CPFA Limited** adversely. The Company was however able to meet its 2017 profit target due to pro-active cost containment.

List of Distributors

CAP PLC

1. House Affairs Ikeja, Victoria Island Lagos
2. Treaty Project Limited, Port-Harcourt/Asaba
3. Edeoga Nig. Lt, Abuja/Kaduna State/Jos
4. First Ebony Investment, Lekki-Epe, Lagos
5. Amehgate Integrated Services, Abuja/Gombe
6. Taes Concept Limited, Abuja
7. Ambroziny Int. Ltd, Enugu
8. Stanzel Associate, Abuja
9. Chrisbaki Nigeria Ltd, Warri
10. Marco Bruno, Port-Harcourt

Portland Paints Sandtex Experience Centres

1. Yusaj Nigeria Company Warri
2. Femsamond Nig. Enterprise Onitsha
3. Airspai Nigeria Limited Ikeja
4. Building Technical Nig. Limited Jos
5. Dbuns Global Company Abuja
6. Ay & B Nigeria Limited Sokoto
7. C. Igbe Nigeria Limited Benin City
8. Fem Fem Ventures Ibadan
9. Gokm Ideas Services Akure
10. Cyw Kaduna Depot Kaduna

UAC Foods Limited

Snacks

1. Rondasy Ent. Lagos
2. Japio Stores Mile 2
3. Skyseed Ventures Enugu
4. Nkechi Ekwufolu Onitsha
5. Don Chris Ventures Onitsha
6. Sunny Bros Venture Onitsha
7. Ogunkoya Stores Oshodi
8. Madonna Foods Owerri
9. Musbass Commercial Maryland.
10. Lakeshad'r' Ent Oregun

Swan

1. S.C. Okonkwo Nig. Ltd Jos
2. Valerie Claire Nig. Abuja
3. Mike Sopson Nig Ltd. Jos
4. C.C Ozoemena & Co. Jos
5. Ayi Investment Kaduna
6. Olayiwola Stores, Jos
7. TKC Enterprises, Bauchi
8. Naf And Man Global Abuja
9. Godsway Nig Ltd. Abuja
10. Tars Ideal Concept Jos

Dairies

1. Blessing & Wisdom Lagos
2. Naf & Man Global Abuja
3. Genesis Osha Nnewi
4. Zitonia Ventures Enugu
5. Sweet Sensation Co. Lagos
6. Hadlauch Nigeria Ltd. Asaba
7. Shebag Holdings Kaduna
8. Davobeth Benin-City
9. P & P Nig Ltd. P/H
10. Davace Ventures Lagos

Livestock Feeds

1. Stet Nig. Abia
2. Oore-Ofe Oyo
3. Paspro Farms & Ind. Jos
4. Doo-Doo Nig. Ent. Jos
5. Claokis Martins Agro Warri
6. Daftos Farms Nigeria Ltd Ibadan
7. Nwabuking Nigeria Ent. P/H
8. Okpako Vison Com. Ltd Ughelli
9. Denajcom Unique Concept Jos
10. Immaculate Farms Ikorodu

Grand Cereals Limited

1. Phed Agro Kano
2. Benita Ventures Jos
3. Jeromaski Farms & Haulage Comp Kaduna
4. Jehns Enterprises Nassarawa
5. Favour & Favour Nigeria Limited P/Harcourt
6. Makor Trading Company Jos
7. Feeze Nig Ent Aba
8. Mary Ventures Jos
9. Evamos Links Ventures Owerri
10. Lawlad Integrated Services Jos

MDS Depot Lists

EAST

1. Aba 1 8, Factory Road Abia
2. Aba 2 13, Factory Road Abia
3. Abakaliki Km 7, Abakaliki-Enugu Highway Ebonyi
4. Calabar Plot 32, Northern Industrial Estate Harbour Road Cross River
5. Enugu 20, Okpara Avenue
6. Onitsha Plot 5, Dozzy Crescent, Niger Bridge Head Anambra
7. Owerri Km 5, Okigwe Road Off Mbieri, Orji Imo
8. Port-Harcourt 1 4, Forces Avenue Old GRA Rivers
9. Port-Harcourt 2 175/177 Worldwide Road Trans Amadi Rivers
10. Uyo Km 11, Ikot Ekpene Road Umuahia 2, Mayne Avenue Opp. First Bank Abia
11. UAC House Akwa Ibom

West

1. Abeokuta UAC Complex Ibara Roundabout, Ogun
2. Abule-Egba 8, Abraham Afolabi Street U-Turn Bus Stop, Lagos
3. Acme Plot 11, Vori Close Acme Road, Ogba, Lagos
4. Adeniyi Jones 2, Ajao Road Adeniyi Jones, Lagos
5. Ado Ekiti Km 3, Ado-Ikere Road Ekiti
6. Oshogbo 3, Station Road Opp. General Post Office, Osun
7. Oyo Ishola Motors Building Ogbomoso Road
8. Akure Km 4, Ondo Road Onward Aluminium, Ondo
9. Apapa 16, Creek Road, Lagos
10. Benin 27, Oba Market Road Edo
11. Ibadan 1, Magazine Road Jericho, Dugbe, Oyo
12. Ijebu-Ode 174, Folagbade Street Ogun
13. Ilorin 111, Murtala Mohammed Way Kwara
14. Marina 70 Marina Street, Elegbeta, Lagos
15. Sapele 6, Palm Avenue, Delta
16. Warri Orhuwhorun Road, Intl Furniture Ltd, Mofor, Delta
17. Ondo 2, Ododibo Street, Idi Isin
18. Oregun, 32, Kudirat Abiola Way, Lagos

North-North

1. Gusau 36, Canteen Road Trading Layout, Zamfara
2. Kaduna 1 3, Makera Road Off Kachia Road
3. Kaduna 2 1, Waziri Ibrahim Crescent Abakpa, GRA
4. Kano 33, Niger Street Kano
5. Katsina Plot 12, Nagogo Road GRA
6. Maiduguri 10, Nguru Road Borno
7. Sokoto 8, Abdullahi Fodio, Sokoto
8. Zaria 4, Manchester Road Kaduna

North-Central

1. Abuja Idu Industrial Estate Off Jabi/Airport Road
2. Bauchi 10-12 Maiduguri Bye-Pass
3. Bida 64, Zungeru Road, Niger
4. Gombe Plot 8, Biu Road, Gombe
5. Jalingo 5B, Hospital Road Taraba
6. Jos 2 Plot 6660, Anglo Jos Industrial Layout Plateau
7. Lokoja 10, Uac Main Building Uba Road, Waterside, Kogi
8. Makurdi 1 Beach Road New Garage, Wadata, Benue
9. Minna S3, Ibrahim Dada Paiko Road Off Shiroro Road, Niger
10. Suleja Kaduna/Lokoja Express Way Dumex Junction, Niger
11. Jos 1 28, Murtala Mohammed Way Plateau
12. Yola 42, Kashim Ibrahim Way, Jimeta, Adamawa

Store in Market Locations - 16 Offsite Inventory Locations - 50 Total MDS Managed Locations - 117

Mr Bigg's Restaurants' Key Franchisees

1. Ikeja Mall, Lagos State, Eleutheria Nig Limited
2. Maryland , Lagos State, Special Brand Limited
3. Nnewi, Anambra State Calvary Foods Ltd
4. Asaba, Delta State, Sunpaul Sidney Nig. Limited
5. Fegge, Onitsha, Anambra State Delicacy Foods Limited
6. Oshodi, Lagos State, Fun-Phil Resources Limited
7. Ifako, Gbagada, Lagos State, Isibriel Nig Limited

Human Resources' Report

HUMAN RESOURCES' REPORT EMPLOYMENT POLICY AND PRACTICES

It is the policy of the Company that there shall be no discrimination in the employment, training and career development of all categories of people, in terms of gender, race, ethnic origin, tribe, religion or creed, except where otherwise permitted by law.

Ours is an equal opportunity company. In furtherance of this policy, the Company is committed to:

- Giving every employee a sense of belonging by operating competitive and fair performance and reward systems;
- Assisting and encouraging every employee to develop their ability to the maximum, not only in their chosen career, but also in other identified areas of interest within their capabilities and to pay careful attention to their work and progress;
- Encouraging employees to be good citizens by being law-abiding and participating in civil and social activities in their private time;
- Encouraging employees to develop and maintain healthy habits and provide reasonable medical facilities for every employee and their immediate families, as applicable under the Company Medical Scheme;
- Recognizing the freedom of employees to form and /or join responsible and truly representative Trade Unions or Associations.

HEALTH AND SAFETY

It is our policy to ensure that employees work in safe and clean environment. Towards this end, the Company enforces strict adherence to safety rules and practices through its Safety, Health and Environment (SHE) Officers and Committees in various locations. Safety training sessions and fire drills are regularly organised to keep employees at alert at all times. Our office environment is continually renovated and modernised in line with the trend in the industry. The company's employees responsible for SHE are constantly trained and sponsored to become SHE-certified professionals.

Some of our Subsidiary Companies, namely Portland Paints and Products Nigeria PLC. UAC Foods Limited, Grand Cereals Limited and CAP PLC have been recipients of the NECA/NSITF Safe Work Place Intervention Project.

HIV/AIDS

Our Company works to ensure a safe healthy working environment through basic training to inform, educate and train all Employees on HIV/Aids prevention, care and control. We do not discriminate against or terminate the appointment of any employee on the basis of his or her HIV status. The HIV status and medical records of any employee are kept as strictly confidential. As much as possible, care is taken to support such employees, by providing counselling and medical support services.

EMPLOYEE WELFARE

The company provides lunch to Employees in the various Company locations across the country, to ensure the health and vitality of the Employees. Recreational facilities are also available in some locations. Employees are continually briefed on health issues as they affect them. In addition, free medical care is provided for all employees, their spouses and four children through health management organisation (HMO) while voluntary health screening exercises are also provided for Employees on an ongoing basis.

We implement a number of programmes to ensure that our Employees have work-life balance. Employees are encouraged to take their annual vacation as and when due. The Company believes this will provide them opportunity to refresh and renew to stay healthy and to perform better on the job. It is the Company's policy not to allow accumulation of leave beyond one year, except at the instance of the Company under extremely special circumstances. Work is organised to enable Employees work within the official business hours to catch up with their social and family obligations. In addition to compassionate leave for bereaved employees, the Company also has paternity leave of one week (5 working days) in place for male employees, whose wives are delivered of babies. The Company maternity leave policy has also been reviewed to accommodate additional annual leave days for female employees who go on maternity leave, who can take up to a total of four months leave for the period.

Our Closed User Group phone facility cover Managers' spouses, in order to promote communication between spouses.

EMPLOYEE ENGAGEMENT AND INVOLVEMENT

Our Employees are fully involved in strategy formulation and execution, in order to achieve business plan ownership and commitment at all levels. Regular meetings are held at different levels of the Company and Business Units to ensure that all Employees are given the opportunity, to interact with one another and with the management team for exchange of ideas and sharing of relevant business information. The Annual Business Retreat attended by Leadership Teams of UACN and its subsidiary companies, has been extended to Management Trainees and lower cadres of Management, to engender inclusion and provide opportunities for them to contribute to the strategic business issues and annual plans of the Group. The other engagement

Human Resources Report

platforms are Joint Consultative Committees (JCCs), Business Review Meetings, Open Forum/Community Briefings/Family Meetings and Leadership Team (LT) meetings of the various Business Units and the Corporate Centre.

We also have in place Counselling Sessions, between Executive Management and different cadres of talents. These sessions allow management to proactively engage the talents with a view of addressing their career issues, welfare and retention. These meetings are complemented by regular circulars on salient contemporary Business and employment issues.
Our Coaching and Mentoring programme supports and grooms talents across the business. Emotional intelligence assessment and support programme are also in place to complement the scheme.

EMPLOYEE TRAINING AND DEVELOPMENT
Our policy recognises human resources as the most important asset of the organisation. We therefore consider it imperative to retain and motivate a competent and productive workforce, through systematic training and development. Consequently, training forms a significant part of employees development towards achieving excellence in the performance of their day to day job responsibilities. Our training programme consists of customised internal programmes, choice training with other reputable organisations in Nigeria and overseas, industrial visits/attachments (where necessary) and relief duties at higher job levels. We also encourage self-development by our employees and provide financial support for such programmes where relevant to job roles and approved, when successfully concluded. We pride ourselves as an organisation that encourages learning through planned on-the-job coaching and mentoring.

In line with the Company's objective of ensuring that value is derived from its Joint Venture Partnerships, learning academies are in place in collaboration with our Joint Venture Partners in the areas of their strength or functional expertise. This initiative will help in, enhancing employee development and productivity.

Furthermore, in order to continuously refresh the organisation, through the injection of new employees, we recruited the second stream of the Graduate Specialists, in addition to the existing Management Trainees. The successful candidates from these schemes resumed in July and September 2017 respectively. Also, the company introduced a Graduate Technical Specialist Scheme, to strengthen the technical talent pool, for our manufacturing Business Units. This initiative targets graduates with background in Mechanical, Electrical and Chemical Engineering. They will undergo a one (1) year technical training programme. The first set of trainees resumed in June 2017, and will conclude their training in May 2018. A total of 18 graduates were engaged, using Grand Cereals Limited and UAC Foods Limited-SWAN as pilot Business Units.

EMPLOYEE FEEDBACK

Our Company, having recognised that engaged employees drive stakeholder value, partners with the Great Place to Work Institute Nigeria, an international organisation acclaimed for their global expertise in workplace surveys, published annually in the '100 Best Companies to Work for' in over 56 Countries globally. The objective of this exercise, is to obtain feedback from employees, while benchmarking UAC workplace practices against its peers and Global Best Companies. This is driving management development effort, alignment of policies and practices geared towards making UAC a Great Place to Work, and an employer of choice. So far, one of our subsidiary companies, CAP PLC has been listed as one of the top ten companies to work in Nigeria.

CODE OF BUSINESS CONDUCT

We have reviewed and updated the UACN Code of Business Conduct in line with best practice. Under the Code, our Company does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No Employee may offer, give or receive any gift or payment, which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to Management. No Employee will be penalised for any loss of business resulting from adherence to these principles.

The Company's accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained. Annually, all employees are required to read the UACN Code of Business Conduct, take the assessment and sign off, as an evidence of awareness of their obligation to abide by its contents in their day-to-day business transactions. Consequently, the Company has introduced an on-line application to facilitate e-Learning and assessment of employees' understanding and application of the Code, in simulated work situations. Employees were required to log-in from their systems and participate in the assessment which has 80% as its pass mark.

A Whistle Blowing Policy is in place to encourage employees and other stakeholders to inform management of any untoward behaviour that affects the value, performance and/or image of the Company. To further strengthen this process, the Company outsourced the management of its Whistle-Blowing mechanism to KPMG

Human Resources Report

Professional Services company thereby providing employees and other stakeholders, an independent alternative, to the existing established internal mechanisms.

Corporate Social Responsibility Report

CORPORATE SOCIAL RESPONSIBILITY REPORT: GOODNESS LEAGUE

Goodness League, the Corporate Social Responsibility initiative of UAC of Nigeria PLC now in its tenth year, continues to build on the rich legacies and achievements of the Company in the educational sector over the years, under the platforms of UAC Schools Support Programme and the Free Weekend Classes.

The League seeks to address both Hard and Soft issues in the educational sector. The Hard Issues focus on the positive intervention in legacy schools, through the provision of infrastructure, power, and equipment. The Soft Issues aim to identify academic knowledge gaps amongst students in the focused geographies, filling the identified gaps through a Volunteer scheme of appropriate career and guidance talks, counselling sessions, holiday classes and mentoring.

The tenth edition of the Free Weekend Classes was successfully held in Lagos in September 2017 with UAC Managers as volunteer teachers, providing free teaching classes to students in Lagos State at the Government College, Agege, Lagos Centre. To make the programme more inclusive and enable other parts of Lagos State benefit from it, we held classes in the Agege/Iyana Ipaja axis, building on the previous sessions at Lanre Awolokun Senior Secondary School, Gbagada Centre and Newland Senior Secondary School, Ajegunle Centre in the Ajeromi/Ifelodun Local Government Area both in Lagos State. The subjects taught during the Free Weekend classes included Career Guidance and Counselling, English, Mathematics, Biology, Chemistry, Physics, Economics, Accounts and Government.

The Free Weekend Classes focus on two key areas – Weekend Classes on Career and Guidance and counselling sessions in Schools. The Classes are targeted at final year senior secondary school (SSS3) students were held during the summer holiday period while the Career and Guidance sessions hold when schools are in session. The Counselling sessions target senior secondary school students (SSS1 – 3). Both programmes have been well received by the benefiting schools, students and other stakeholders.In appreciation of its sterling efforts in uplifting the standards of education in Nigeria through the UAC Goodness League in the last ten years, the Lagos State Government conferred a Special Recognition Award on UAC of Nigeria PLC, for its contribution towards the uplifting of the educational standards in Nigeria.

UAC's intervention through the Legacy Schools Support programme has been a huge success, having positive impact on Legacy Schools in the South-West, North-West, South-South and South-East geo-political zones of the country.

Corporate Social Responsibility Report

LIST OF UAC GOODNESS LEAGUE BENEFICIARIES ACROSS NIGERIA

St Finbarr's College, Akoka, Lagos	150KVA Power Generator & Physics Lab. equipment
CMS Grammar School, Bariga, Lagos	Comprehensive renovation of abandoned Technical block
Rumfa College, Kano	Science Equipment - Physics, Chemistry & Biology
Govt. Sec. School, Gwale, Kano	200 three seater desks
Alhudahuda College, Zaria	Science Equipment - Physics, Chemistry & Biology
Govt. College, Kaduna	Science Equipment - Physics, Chemistry & Biology
Enitonna High School, Port Harcourt	Science Equipment - Physics, Chemistry & Biology
Holy Family College, Abak, Akwa Ibom	Sets of Computers, Printers and UPs
Holy Trinity College, Mbiakong, Akwa Ibom State	Comprehensive renovation of dormitory block & refectory
Govt. College, Gindiri, Plateau State	Science Equipment - Physics, Chemistry & Biology
Govt. College, Keffi, Nassarawa State	200 three seater desks
St. Mount Gabriel's Sec School, Makurdi	Science Equipment - Physics, Chemistry & Biology
Govt. College, Bida	Science Equipment - Physics, Chemistry & Biology
College of The Immaculate Conception, Enugu	Science Equipment - Physics, Chemistry & Biology
Dennis Memorial Grammar School, Onitsha	Science Equipment - Physics, Chemistry & Biology
Christ The King College, Onitsha	Science Equipment - Physics, Chemistry & Biology
Bishop Shanahan College, Orlu	Science Equipment - Physics, Chemistry & Biology
Methodist Boys College, Uzuakoli	Science Equipment - Physics, Chemistry & Biology

Dated 28th day of March, 2018
By Order of the Board

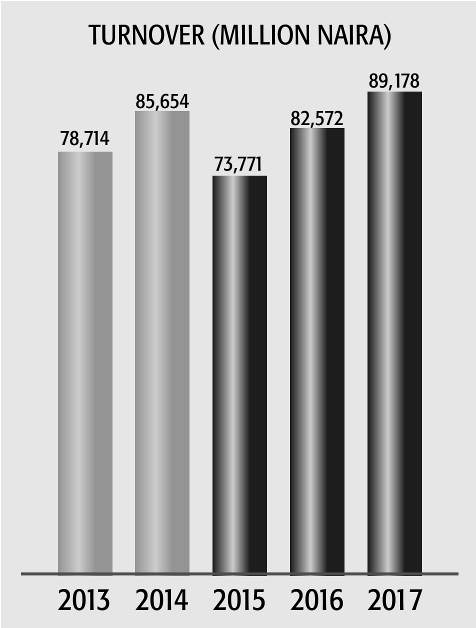
Godwin Abimbola Samuel, Esq.
Company Secretary/Legal Adviser
FRC/2013/NBA/00000002608

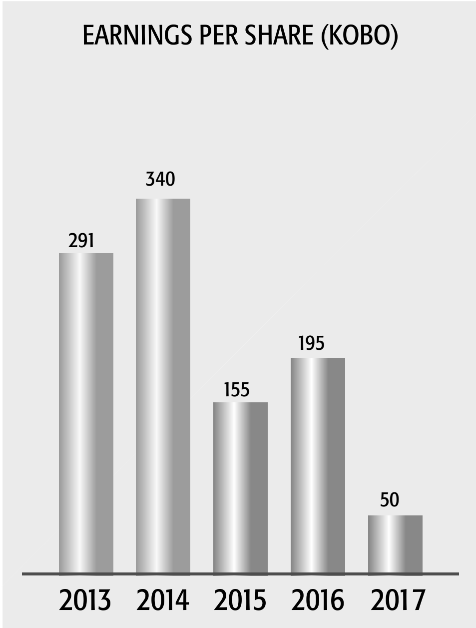
UAC OF NIGERIA PLC is presented with a "SPECIAL RECOGNITION AWARD" by the Lagos State Government for "her outstanding contribution to the upliftment of the standard of education in Nigeria through the UAC Goodness League."

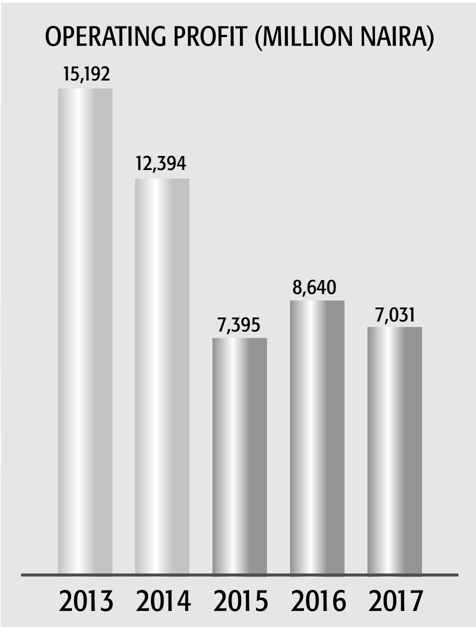
UAC Senior Management, Lagos State Government Officials and Students at the UAC Goodness League 2017 Free Weekend Classses Closing Ceremony where outstanding students were awarded different prizes.

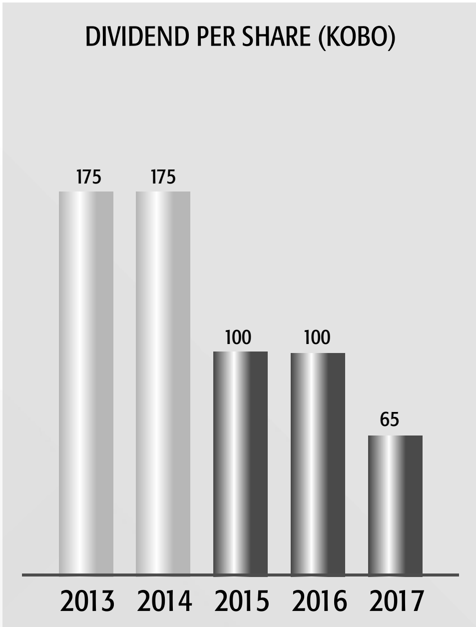
FINANCIAL STATEMENTS

UAC of Nigeria Plc.
Index to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017


TURNOVER (MILLION NAIRA)
78,714
85,654
73,771
82,572
89,178
2013
2014
2015
2016
2017


EARNINGS PER SHARE (KOBO)
291
340
155
195
50
2013
2014
2015
2016
2017


OPERATING PROFIT (MILLION NAIRA)
15,192
12,394
7,395
8,640
7,031
2013
2014
2015
2016
2017


DIVIDEND PER SHARE (KOBO)
175
175
100
100
65
2013
2014
2015
2016
2017

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of UAC of Nigeria Plc and its subsidiaries (the group) which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of UAC of Nigeria Plc and its subsidiaries as at 31 December 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of UAC of Nigeria Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of UAC of Nigeria Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Assessment of Goodwill impairment (Consolidated financial statements) The goodwill balance of ₦548.7 million, which principally relates to the acquisitions of Portland Paints & Product Nigeria Plc and Livestock Feeds Plc in 2013. In line with the IAS 36 Goodwill should be tested for impairment annually. The Company tested goodwill for impairment and no impairment charge has been recorded against these balances in the current financial year. The annual impairment test is significant to our audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgment. The value in use assessment to support the continued carrying amount of goodwill involves the application of judgement about future performance of business. Certain assumptions made by management in the impairment review are considered by the engagement team to be key areas of judgement, notably the forecast cash flows, the overall growth rates and the discount rates applied amongst others.	Our audit procedures include, amongst other, the following: We reviewed management's key assumptions used in the impairment model for goodwill to determine the value in use of the cash generating unit to ensure it is in compliance with the requirements of *IAS 36 Impairment of Assets*. We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations. We also considered the accuracy of previous forecasts made by management. We obtained corroborating evidence regarding the carrying value of goodwill, and the related disclosures, through challenging: • Key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and • The discount rates by independently estimating a range based on market data.
Intangible assets and goodwill is disclosed in Note 13 to the consolidated and separate financial statements.	We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment properties (Consolidated and separate financial statements) The company and its subsidiary (UACN Property Development Company Plc) owns a portfolio of investment properties comprising commercial properties, shopping malls, serviced residences and integrated development projects. Investment properties is a significant account to the group and it represents 10% of the Total assets. We focused on this area due to the size of the investment property balance and the valuation process which involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalization rates, market rents, discount and terminal yield rates, which increases the risk of error or potential bias i.e. a small change in the assumptions can have a significant impact to the valuation. These investment properties are stated at their fair values based on independent external valuations. Investment properties are disclosed in Note 14 to the consolidated and separate financial statements.	Our audit procedures include, amongst others, the following: • We obtained and inspected the Investment Property valuation report prepared by the external property valuer. • We evaluated the level of qualification, expertise, independence and objectivity of the external property valuer. • We reviewed the valuation methodology to confirm consistency with previous years. • We evaluated the valuation methodologies adopted with reference to those applied by other external property valuers for similar property types. • We compared the tenancy information, including occupancy rates and market rents, provided by the Group to the external property valuer with underlying contracts and documentation, on a sample basis.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Significant intercompany receivables UACN Property Development Company Plc has huge intercompany receivables from its related parties majorly from Joint ventures and subsidiary amounting to ₦20.89 billion (2016; ₦20.79 billion). The joint ventures and subsidiary have been operating at a loss and have liquidity issues, there are uncertainties around the ability of the subsidiary and Joint venture to generate cash flows to fully repay its indebtedness. The subsidiary in question - UPDC Hotels Limited from whom N13.86billion is receivable has been classified as held for sale in the current year. An impairment assessment was performed on receivables due from joint ventures using the fair value of the unsold properties carried out by an external expert to determine the recoverable amount. This led to the recognition of an impairment loss of N453 million. We consider this a key audit matter due to the significance of the amount and the complexity involved in the impairment assessment of unsold properties which involves management judgement on the recoverable amount. The disclosure of the impairment of intercompany receivables is set out in Note 7 of the consolidated and separate financial statements.	Our audit procedures on intercompany receivables amongst others includes: • Our internal valuation expert evaluated the assumptions made by management on the recoverability of the related party receivable using the valuation prepared by an external valuation expert. • We validated material transactions during the year to invoices, payment approvals and other third party documents. • We obtained confirmations from all related parties to corroborate our audit evidence. Material differences noted in the confirmation response were duly investigated and necessary adjustments made where required. • We also assessed the adequacy of the disclosures regarding the impairment of intercompany receivables to determine whether they were in line with IFRS requirements.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's' Statement, Statement of Directors' Responsibility, Report of the Audit Committee, Value Added Statement and Five Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our Auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this Auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error .

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the group or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and the company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and the company audit. We remain solely responsible for our audit opinion.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and financial statements of the current year and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and

the Group and the Company's consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account.

Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

30 March 2018

UAC of Nigeria Plc.
Report of the Audit Committee
to the Members of UAC of Nigeria PLC

In compliance with Section 359 sub-section 6 of the Companies and Allied Matters Act (CAP C20), Laws of the Federation of Nigeria, 2004, we have reviewed the audited Financial Statements of the Company for the year ended 31st December, 2017 and report as follows:

(a) The accounting and reporting policies of the Group and the Company are consistent with legal requirements and agreed ethical practices.
(b) The scope and planning of the external audit are in our opinion adequate.
(c) The internal audit and internal control systems are adequate.
(d) The External Auditors' Management Letter was satisfactorily dealt with by the Management.

MR. OLABISI FAYOMBO
FRC/2013/ICAN/00000002883
CHAIRMAN OF THE COMMITTEE
Dated 26th day of March, 2018

MEMBERS OF THE COMMITTEE
Mr. Olabisi Fayombo - Chairman
Mr. Matthew Akinlade - Member
Mr. Kenneth Nnabike - Member
Mrs. Awuneba Ajumogobia - Member
Mr. Babatunde Kasali - Member
Dr. Umaru Alka - Member

SECRETARY
GODWIN A SAMUEL.

UAC of Nigeria Plc.

Audit Committee Members

Dr. Umaru Alka

Mr. Matthew Akinlade

Mr. Kenneth Nnabike

Mr. Olabisi Fayombo
Chairman

Mrs. Awuneba Ajumogobia

Mr. Babatunde Kasali

UAC of Nigeria Plc.
Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2017

	Notes	The Group 31 Dec 2017 ₦'000	The Group 31 Dec 2016 ₦'000	The Company 31 Dec 2017 ₦'000	The Company 31 Dec 2016 ₦'000
Continuing Operations					
Revenue	5	89,178,082	82,572,262	826,507	912,307
Cost of Sale		(73,221,534)	(65,639,831)	-	-
Gross Profit		15,956,547	16,932,430	826,507	912,307
Dividends Income		-	-	2,719,313	1,728,393
Other Operating Income	6	3,528,208	3,818,143	337,250	260,314
Selling and Distribution Expenses	7	(4,595,842)	(3,155,839)	-	-
Administrative Expenses	7	(6,898,514)	(6,511,277)	(2,097,553)	(1,387,597)
Other Operating Losses	6 (i)	(959,296)	(2,443,937)	(234,038)	-
Operating Profit		7,031,104	8,639,521	1,551,480	1,513,419
Finance Income	8	1,861,352	1,561,540	1,817,233	1,500,755
Finance Cost	8	(6,185,438)	(2,922,720)	-	-
Net Finance (Cost)/Income		(4,324,087)	(1,361,180)	1,817,233	1,500,755
Share of profit of associates and joint venture using the equity method	17.3	539,102	1,089,747	-	-
Profit Before Tax		3,246,120	8,368,087	3,368,714	3,014,174
Income Tax Expense	9	(1,921,733)	(2,074,392)	(288,886)	(386,885)
Profit after tax for the year from continuing operations		1,324,387	6,293,695	3,079,827	2,627,290
Discontinued Operations					
Loss after tax for the year from discontinued operations	34	(361,562)	(627,157)	-	-
Profit for the Year		962,824	5,666,538	3,079,827	2,627,290
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net changes in fair value of available-for-sale financial assets	16	7,002	(112)	-	-
Tax on other comprehensive income	28	-	-	-	-

UAC of Nigeria Plc.
Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017

		The Group		The Company	
		31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Other comprehensive income for the period net of tax		7,002	(112)	-	-
Total comprehensive income for the period net of tax		969,826	5,666,426	3,079,827	2,627,290
Profit attributable to:					
Equity holders of the parent		956,076	3,750,748	3,079,827	2,627,290
Non controlling interests		6,749	1,915,790	-	-
		962,824	5,666,538	3,079,827	2,627,290
Total comprehensive income attributable to:					
Equity holders of the parent		959,647	3,750,691	3,079,827	2,627,290
Non controlling interests		10,180	1,915,735	-	-
		969,826	**5,666,426**	**3,079,827**	**2,627,290**
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share					
From continuing operations	11	69	228	160	137
From discontinued operations	9	(19)	(33)	-	-
From profit for the year		50	195	160	137
Diluted Earnings Per Share					
From continuing operations	11	69	228	160	137
From discontinued operations	9	(19)	(33)	-	-
From profit for the year		50	195	160	137

UAC of Nigeria Plc.
Consolidated and Separate Statement of Financial Position
as at 31 December 2017

	Notes	The Group 31 Dec 2017 ₦'000	The Group 31 Dec 2016 ₦'000	The Company 31 Dec 2017 ₦'000	The Company 31 Dec 2016 ₦'000
Assets					
Non-current Assets					
Property, plant and equipment	12	21,537,773	35,270,673	660,353	746,578
Intangible assets and goodwill	13	1,606,023	1,675,935	30,246	49,168
Investment property	14	13,486,037	19,870,234	2,758,650	3,032,200
Investments in associates and joint ventures	17	19,109,621	19,696,279	-	-
Available-for-sale financial assets	16	26,199	19,197	1,001	1,001
Investments in subsidiaries	15	-	-	15,815,152	11,759,874
Prepayment	20	3,245	13,402	-	-
Deferred tax asset	28	711,900	145,977	-	-
		56,480,798	**76,691,696**	**19,265,402**	**15,588,821**
Current assets					
Inventories	18	30,391,954	36,805,193	2,669	2,664
Trade and other receivables	20	16,358,997	15,187,085	6,996,571	9 ,639,859
Cash and Cash equivalents	21	14,125,974	9,545,585	5,779,991	4 ,250,546
		60,876,926	61,537,863	12,779,231	13,893,068
Non-current asset held for sale	15(i)		-	130,000	-
Assets of disposal group classified as held for sale/distribution to owners	34	13,259,409	-	-	-
Total Assets		130,617,133	138,229,559	32,174,633	29,481,890
Equity and Liabilities					
Ordinary share capital	29	960,432	960,432	960,432	960,432
Share premium	29	3,934,536	3,934,536	3,934,536	3,934,536
Contingency reserve	29	28,575	28,575	-	-
Available-for-sale reserve		(1,990)	(5,561)	-	-
Retained earnings		46,827,439	41,500,304	18,555,824	17,396,547

UAC of Nigeria Plc.
Consolidated and Separate Statement of Financial Position as at 31 December 2017

Equity attributable to equity holders of the Company		51,748,993	46,418,286	23,450,792	22,291,514
Non controlling interests		21,377,429	30,047,253	-	-
Total Equity		73,126,422	76,465,540	23,450,792	22,291,514
Liabilities					
Non-current liabilities					
Borrowings	22	1,329,037	5,275,238	-	-
Deferred tax liabilities	28	4,890,082	4,791,901	152,842	198,965
Government grant	24	-	9,214	-	-
Deferred revenue	25	3 ,192	4,600	-	-
Provisions	27	17,223	22,123	-	-
		6,239,534	**10,103,075**	**152,842**	**198,965**
Current liabilities					
Trade and other payables	23	16,238,983	17,919,261	1,350,845	815,791
Current income tax liabilities	9	5,377,083	4,885,789	2,419,014	2,355,689
Bank overdrafts and current portion of borrowings	22	23,780,410	24,521,196	-	-
Dividend payable	26	4,655,045	3,682,512	4,655,045	3,682,512
Government grant	24	9,226	226,652	-	-
Deferred revenue	25	213,463	300,778	56,640	80,642
Provisions	27	92,456	124,757	89,456	56,777
		50,366,665	**51,660,944**	**8,570,999**	**6,991,411**
Liabilities of disposal group classified as held for sale/distribution to owners	34	884,513	-	-	-
Total liabilities		**57,490,711**	**61,764,019**	**8,723,841**	**7,190,376**
Total equity and liabilities		**130,617,133**	**138,229,559**	**32,174,633**	**29,481,890**

The financial statements and the notes on pages 72 to 181 were approved and authorised before issue by the board of directors on 28 March 2017 and were signed on its behalf by:

Mr. Dan O. Agbor Chairman FRC/2013/NBA/00000001748	Mr. Abdul A. Bello Group CEO FRC/2013/ICAN/0000000724	Mrs. Adeniun F. Taiwo CFO FRC/2013/ICAN/0000000723

The notes on pages 72 to 181 are an integral part of these financial statements.

UAC of Nigeria Plc.
Consolidated Statement of Changes in Equity
for the year ended 31 December 2017

The Group

	Notes	Attributable to owners of the Company						Non-Controlling Interest ₦'000	Total ₦'000
		Share Capital ₦'000	Share Premium ₦'000	Contingency Reserve ₦'000	Available For Sale Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000		
Balance at 1 January 2016		960,432	3,934,536	28,575	(5,504)	39,670,420	44,588,460	29,553,564	74,142,024
Profit and loss		-	-	-	-	3,750,748	3,750,748	1,915,790	5,666,538
Other comprehensive income									
Net changes in fair value of available-for-sale financial assets	16	-	-	-	(57)	-	(57)	(55)	(112)
Transactions with Equity holders									
Dividends	10	-	-	-	-	(1,920,864)	(1,920,864)	(1,422,046)	(3.342,910)
Balance at 31 December 2016		**960,432**	**3,934,536**	**28,575**	(5,561)	**41,500,304**	**46,418,286**	**30,047,253**	**76,465,540**
Balance at 1 January 2017		960,432	3,934,536	28,575	(5,561)	41,500,304	46,418,286	30,047,253	76,465,540
Profit and loss		-	-	-	-	956,076	956,076	6,749	962,824
Other comprehensive income									
Net changes in fair value of available-for-sale financial assets	16	-	-	-	3,571	-	3,571	3,431	7,002
Transactions with non-controlling interests									
Acquisition of non-controlling interests	35	-	-	-	-	6,291,924	6,291,924	(6,291,924)	-
Investment in right issues by non-controlling interests		-	-	-	-	-	-	23,747	23,747
Transactions with Equity holders									
Dividends	10	-	-	-	-	(1,920,864)	(1,920,864)	(2,411,828)	(4,332,692)
Balance at 31 December 2017		**960,432**	**3,934,536**	**28,575**	**(1,990)**	**46,827,439**	**51,748,993**	**21,377,429**	**73,126,422**

Separate statement of changes in equity for the year ended 31 December, 2017

The Company

	Notes	Attributable to owners of the Company			
		Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total ₦ N'000
Balance at 1 January 2016		960,432	3,934,536	16,690,122	21,585,090
Profit and loss		-	-	2,627,290	2,627,290
Transactions with Equity holders					
Dividends Paid	10	-	-	(1,920,864)	(1,920,864)
Balance at 31 December 2016		960,432	3,934,536	17,396,547	22,291,514
Balance at 1 January 2017		960,432	3,934,536	17,396,547	22,291,514
Profit and loss		-	-	3,079,827	3,079,827
Transactions with Equity holders					
Dividends	10	-	-	(1,920,864)	(1,920,864)
Balance at 31 December 2017		**960,432**	**3,934,536**	**18,555,824**	**23,450,792**

UAC of Nigeria Plc.
Consolidated and Separate Statement of Cash Flow for the year ended 31 December 2017

	Notes	The Group 31 Dec 2017 ₦'000	The Group 31 Dec 2016 ₦'000	The Company 31 Dec 2017 ₦'000	The Company 31 Dec 2016 ₦'000
Cash flows from operating activities					
Cash generated from/(used in) operations	30	14,252,934	1,842,739	769,429	(377,642)
Corporate tax paid		(1,836,437)	(1,789,541)	(192,396)	(24,482)
VAT paid		(774,967)	(608,453)	(117,152)	(61,106)
Interest received		1,861,352	1,561,540	1,817,233	1,500,755
Interest paid	22(iii)	(6,184,184)	(2,920,678)	-	-
Net cash flow generated from/(used in) operating activities		**7,318,698**	**(1,914,393)**	**2,277,115**	**1,037,525**
Cash flows from investing activities					
Dividend received		-	-	2,719,313	1,728,393
Purchase of Intangible assets		(105,084)	(40,673)	(5,819)	(5,853)
Purchase of property, plant and equipment		(1,313,062)	(1,839,488)	(99,734)	(67,592)
Proceeds from sale of property, plant and equipment		159,063	652,219	14,623	11,627
Purchase of investment properties		(145,502)	(19,743)	(8,396)	(4,201)
Proceeds from sale of investment properties		8,153,037	2,892,422	101,462	110,000
Income distribution from UPDC REIT		1,125,550	1,055,469	-	-
Recovery of previously impaired loan		-	10,000	-	10,000
Net cash generated from investing activities		**7,874,002**	**2,710,205**	**2,721,448**	**1,782,374**
Cash flows from financing activities					
Dividends paid to non controlling interests		(2,411,828)	(1,422,046)	-	-
Dividends paid to Company shareholders		(1,859,531)	(1,863,293)	(1,859,531)	(1,863,293)
Proceeds from borrowings	22(iii)	1,372,242	33,616,190	-	-
Investment in rights issue by non-controlling interests		23,747	-	-	-
Repayment of borrowings	22(iii)	(6,059,229)	(32,081,262)	-	-
Acquisition of additional interest in subsidiaries		-	(118,824)	(1,602,065)	(118,824)
Net cash flow used in financing activities		**(8,934,599)**	**(1,869,235)**	**(3,461,596)**	**(1,982,117)**
Net increase/(decrease) in cash & cash equivalents		6,258,101	(1,073,423)	1,536,967	837,782
Cash & cash equivalents at the beginning of the year		4,895,948	5,983,738	4,250,546	3,431,237
Effects of exchange rate changes on cash and cash equivalents.		(13,477)	(14,368)	(7,523)	(18,475)
Cash & cash equivalents at the end of the period after adjusting for bank overdraft	21(i)	**11,140,572**	**4,895,948**	**5,779,991**	**4,250,546**

1 Corporate Information

The consolidated financial statements of UAC of Nigeria Plc ('the Company') and its subsidiaries (collectively, the Group) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of directors on 28th March 2018. UAC of Nigeria Plc. (the Company or the parent) is a limited company incorporated and domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 1-5,Odunlami Street, Marina, Lagos. The Group is a diversified business with activities in the following principal sectors: Foods & Beverage, Logistics, Real Estate and Paints. (See Note 5).

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The consolidated and separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and available -for- sale financial instruments that have been measured at fair value. The consolidated financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.
The financial statements have been prepared on a going concern basis.

The policies set out below have been consistently applied to all the years presented.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations adopted by the group

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1st January 2017. The Group has not earlier adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of each amendment is described below:

(I) Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cashflows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in note 22(iii)

(ii). Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016
Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. As at 31 December 2017 the Group classified its interest in UPDC Hotels Limited (UHL) as held for sale (see Note 34), but these amendments did not affect the Group's financial statements.

(b) New standards, amendments and interpretations issued, but not yet effective.
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The list of these standards are as follows:
- IFRS 9, Financial Instruments - Effective 1 January 2018
- IFRS 15, Revenue from Contracts with Customers - Effective 1 January 2018
- IFRS 16, Leases - Effective 1 January 2019
- IAS 40 – Transfers of investment property
- IFRIC - Interpretation 22 Foreign Currency transactions and advance consideration
- IFRS 2 - Classification and measurement of share-based payment transactions – Amendments to IFRS 2

- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its associates or joint venture
- First-time adoption of IFRS – Deletion of short-term exemptions for first-time adopters
- IAS 28 Investments in associates and joint ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4
- IFRIC Interpretation 23 Uncertainty over income Tax Treatments – Effective 1 January 2019
- IFRS 17 Insurance Contracts - Effective 1 January 2021
- Amendments to IAS 19- Effective 1 January 2019

The new standards or amendments to existing standards that may have an impact on the Group's financial statements are as provided below:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalizes their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date. In 2017, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis.

i. Sale of goods
Contracts with customers' obligation are not expected to have any impact on the Group. The Group expects the revenue recognition to occur at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

ii. Sale of properties
For contracts with customers in which it is generally expected to be a performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery

of the property at a point of time.

iii. Facilities management services provided to the customer

The Group generally provides planned preventive maintenance and property life cycle maintenance for our customers. Under the existing account policy, the Group accounts for the services as separate deliverables of bundled sales and allocated consideration using the fair value approach and recognizes revenue as a percentage of amount spent in maintaining the facilities and providing services. The Group assessed that when IFRS 15 is adopted, the current reporting period would not be adjusted such that revenue from services would be reallocated. The Group concluded that the services are satisfied overtime given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15, the Group would continue to recognize revenue for these service contracts services components of bundled contract over time rather than at a point of time.

iv. Project Development and Management

The Group provides project designs and development services for the customers. Under the existing accounting policy; the Group recognizes the services as separate deliverable of bundled sales and allocates consideration in the proportion to the stage of completeness of the transaction which is 7.5% on completion of design and 2.5% on supervision of projects. Under IFRS 15, the Group assesses that allocation of prices will be based on the stand alone selling price. Hence the allocation of the consideration and timing of the amount of revenue recognized in relation to the sales would not be affected and also a point of time.

v. Project and Business Management

The Group currently provides project advisory and management services to its customers and joint venture partners in the existing accounting policies, the Group recognizes the services as separate deliverables and consideration for services transferred is assessed by reference to accomplishment of a greed milestone. The Group assessed that under IFRS 15, allocation of prices will be made based on the selling price, hence, the allocation of the consideration and consequently the timing of the amount of revenue recognized in relation to these sales would not be affected.

vi. Principal Vs Agent Consideration

From time to time, the Group provides agency services in the management of third party properties by negotiating rent to be paid by tenants on behalf of landlord. Currently the Group accounts for the service as a separate deliverable of bundled sales and allocates consideration at a point in time. Under IFRS, the Group assessed that allocation of price would be based on the selling price and therefore, allocation of the consideration and timing of revenue recognized in relation to the sales would not be affected.

Presentation and disclosure requirements
The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase in the volume of disclosures required in the Group financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will not be significant. In addition as required by IFRS 15 the Group will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cashflow are affected by economic factor. In 2018 the Group will continue testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information using modified retrospective approach.

In summary, the impact of IFRS 15 adopted is expected to be nil on assets and equity as of 31 December 2017 (1 January 2018)

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015.

The Group plans to adopt the new standard on the required effective date. During 2017 the Group performed a detailed impact assessment of all three aspects of IFRS 9. The assessment was based on available information and may be subject to changes arising from further reasonable and supportable information being made available in 2018 when the Group will adopt IFRS 9. Over all, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirement of IFRS 9. The Group expects fluctuation in the loss allowance resulting in a negative impact on equity as discussed below:

(a) Classification and measurement

The Group does not expect a material impact on its statement of financial position or equity on applying the classification and measurement requirement of IFRS 9.

Available-for-Sale Equity: Available-for-Sale Equity investments are those that are neither classified as held for trading nor designated at fair value through profit or loss. The Group expects to continue measuring at fair value all financial assets currently held on fair value. Quoted equity shares held as available-for-sale (AFS) with gains and losses recorded on OCI will be fair valued through OCI.

The Group has holding in the ordinary share capital of Industrial Investments Ltd, LACOM Communications Ltd and Trade Investment Ltd, these are companies incorporated and operating in Nigeria. This has been classified as available-for-sale and carried at cost because the fair value cannot be determined as the companies are not listed in an active market and there are no reliable data or input to calculate the fair value. The Group is finalising the fair value determination of these investments.

Loans as well as trade receivables: These financial assets are held to collect contractual cash flows and expected to give rise to cash flow representing solely payments of principal and interest. The company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required. After initial measurement, loans and trade receivables are subsequently measured at amortised cost less impairment. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in 2018.

IFRS 16 Leases - Effective 1 January 2019

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as required by IAS 17 and introduces a single lease accounting model. Applying that model, a lessee is required to recognise: - assets and liabilities for leases from the perspective of the leasee with a term of more than 12 months, unless the underlying assets is of low value; - depreciation of lease assets seperately from interest on lease liabilities in statement of profit or loss. For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leases differently.

The Group is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the year ending 31 December 2019. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Amendments to IFRS 2- Classification and measurement of share based payment transactions effective for annual periods beginning 1 January 2018

Measurement of cash-settled share-based payments –The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share based payments – i.e. the modified grant date method. Therefore in measuring the liability market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The new requirements do not change the cumulative amount of expense that is ultimately recognized, because the total consideration for a cash-settled share based payment is still equal to the cash paid on settlement.

Classification of share-based payments settled net of tax withholdings – The Group may be obligated to collect or withhold tax related to a share-based payment, even though the tax obligation is often a liability of the employee and not the Group. The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.

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

Amendments to IFRS 10, and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS1 2. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group is still assessing the impact of this assessment.

Transfers of Investment Property – Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

The amendments will eliminate diversity in practice. Amendments to IAS 40 is effective for annual periods beginning on or after1 January 2018, early application of the amendments is permitted and must be disclosed. The amendment is effective for annual periods beginning on or after 1 January 2018.

2.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill is not amortised but tested on an annual basis for impairment. If Goodwill is assessed to be impaired, that impairment is not subsequently reversed.

All intra-group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dillution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira (N), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within "Other operating profit and (losses)”

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary financial assets measured at fair value in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(c)Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;

(b) income and expenses for each profit or loss is translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions) and;

(c)all resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Land and buildings comprise mainly of factories and offices. Property, Plant and Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are classified as property, plant and equipment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

Leasehold land and buildings	Lease terms vary from 5 to 25 years
Plant and machinery	2 to 10 years
Office furniture and equipment	3 to 5 years
Motor vehicles	4 to 10 years
Computer equipment	3 to 5 years
Capital work-in-progress	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount (refer to Impairment Note 2.8 for further detail).

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition or disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised within "Other (losses)/gains in the statement of profit or loss.

2.6 Intangible assets

(a) Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, and then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a Cash-Generating Unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software below), all internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable.

If not, the change in useful life assessment to a finite life is accounted for prospectively.

(c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software acquisition and development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed five years.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as an investment property or for which the market has become less active continues to be measured at fair value.

The group makes use of internal and external valuation experts. Each property is annually valued by an external valuer.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments are not recognised in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16.

2.8 Impairment of non-financial assets

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

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise' trade and other receivables 'and' cash and cash equivalents' in the statement of financial position.

(b) Available - for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date–the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, except for instruments carried at fair value through profit or loss which are recognised at fair value with transactions costs being expensed to profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Ggroup has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for sale equity instruments are recognised in the profit or loss as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for sale equity instruments are recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to off set the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the receivables or a group of receivables are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisations and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of trade receivables, allowance for impairment is made where there is evidence of a risk of non-payment taking into account ageing, previous experience and economic conditions.

For loans and other receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through profit or loss. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Impairment is performed in accordance with the policy on impairment of financial assets 2.12(a). If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.14 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cashflows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown with borrowings in current liabilities.

2.15 Borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis through profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

In a business combination, a contingent liability is measured initially at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the effect of discounting is material, provisions are discounted and measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2.19 Share capital

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Current and deferred income tax

The tax for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current, tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

2.21 Employee benefits

(a) Defined Contribution schemes

The group has two defined contribution plans for its employees;

i) A statutory pension scheme and
ii) A gratuity scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(i) Pension Scheme

The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to a pension fund administrator. The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

(ii) Gratuity Scheme

Under the gratuity scheme, the group contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement. The contributions are recognised as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

(b) Profit-sharing and bonus plans

All full time staff are eligible to participate in the profit-sharing scheme. The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes and income from the provision of technical services, agreements and internal revenue which is eliminated on consolidation.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Group

(a) Sale of real estate

The group assesses whether the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress for each of its contracts to assess whether to treat these as the sale of goods or construction contracts.

At this stage all contracts are treated as sale of goods.

Revenue is recognised when significant risks and rewards have passed to the buyer, typically this is evidenced when the buyer is granted access to the properties. The granting of the legal title is an administrative matter that can have significant delays.

(b) Rental income

Revenue includes rental income and service charges and management charges from properties.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(c) Food and beverage

Revenue arising from the sale of food and beverage represents sales of food items, livestock feeds, bottled water, fruit juices, ice-cream and Quick Service Restaurants. Revenue for the sale of food and beverage is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

Franchise fees are recognised when servies or conditions relating to the sale have been substantially performed or satisfied by the Franchisee.

(d) Paints

Revenue for the sale of paints and other decoratives is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

(e) Logistics
Revenue is recognised as the service is provided.
When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Company
(f) Management fees
Revenue for the company represents management fees charged to group entities for services provided such as legal/company secretarial and human resources support . Revenue is recognised as the services are completed.

(g) Dividend income
Dividend income is recognised once the right to receive payment has been established, which is generally when shareholders approve the dividend.

2.23 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

recognised when services or conditions relating to the sale have been substantially performed or satisfied by the Franchisee.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Cash Dividend and Non-cash distribution to equity holders of the parent.

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. In respect of interim dividends these are recognised once paid.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2.25 Government Grant

Government Grants are recognised when there is reasonable assurance that the grant will be received and the company will comply with the conditions attaching to it.

Where a government grant is related to income, it is classified under the heading 'other gains' in the statement of comprehensive income. Where the grant is related to expenses, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

For government loans obtained at below market rates of interest and treated as government grants, the loan is recognised and measured in line with IAS 39 and any resulting difference between the measurement of the grant and the actual proceeds received is capitalised as deferred income. Where the grant is intended to assist in the acquisition of an asset, the deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

Grants related to non-monetary assets are stated at fair value. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.26 Fair value measurement

The Group measures non-financial assets such as investment properties at fair value at each reporting date. Available for sale financial assets are also carried at fair value at the Group level. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to variety of financial risks: (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 effect on the group's financial performance.

An Enterprise-wide Risk Management Framework has been implemented across the Group.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US dollar as a result of importing key materials. Foreign exchange risk arises from future commercial transactions. There are limited exposures to recognised assets and liabilities and net investments in foreign operations. The Group does not make use of derivatives to hedge its exposures. Although. the Group has various measures to mitigate exposure to foreign exchange rate movement, over the long term however, permanent changes in exchange rates will have an impact on profit. The Group monitors movement in the currency on an on-going basis.

The Group manages this risk through adequate planning and timing of its foreign transactions and funding of its domiciliary accounts

The Group's concentration of foreign exchange risk is as follows:

Group	31 December, 2017				
	Naira ₦'000	**USD ₦'000**	**GBP ₦'000**	**Others ₦'000**	**Total ₦'000**
Financial Assets					
Trade and other receivables	13,828,138	-	-	-	13,828,138
Cash and short-term deposits	13,863,374	261,314	1,286	-	14,125,974
	27,691,512	**261,314**	**1,286**	**-**	**27,954,112**
Financial liabilities					
Long-term borrowings	1,329,037	-	-	-	1,329,037
Commercial papers	20,795,008	-	-	-	20,795,008
Trade and other payables	14,706,157	-	-	-	14,706,157
Bank overdrafts	2,985,402	-	-	-	2,985,402
	39,815,604	**-**	**-**	**-**	**39,815,604**

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FINANCIAL RISK FACTORS continued

Group

	31 December, 2016				
	Naira ₦'000	**USD ₦'000**	**GBP ₦'000**	**Others ₦'000**	**Total ₦'000**
Financial Assets					
Trade and other receivables	12,386,072	-	-	-	12,386,072
Cash and short-term deposits	9,401,139	144,175	270	-	9,545,585
	21,787,211	**144,175**	**270**	**-**	**21,931,657**
Financial liabilities					
Long term borrowings	5,275,238	-	-	-	5,275,238
Commercial papers	19,871,559	-	-	-	19,871,559
Trade and other payables	16,180,541	-	-	-	16,180,541
Bank overdrafts	4,649,637	-	-	-	4,649,637
	45,976,975	**-**	**-**	**-**	**45,976,975**

	Group	
	31 Dec. 2017 ₦'000	**31 Dec. 2016 ₦'000**
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	1,607	3,849
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(1,607)	(3,849)

Management considers a 5% shift in foreign currency exchange rate is appropriate to determine the sensitivity of foreign currency denominated financial assets and liabilities vis-a-vis the Naira.

FINANCIAL RISK FACTORS continued

Company

	31 December, 2016				
	Naira ₦'000	**USD ₦'000**	**GBP ₦'000**	**Others ₦'000**	**Total ₦'000**
Financial Assets					
Trade and other receivables	6,372,644	-	-	-	6,372,644
Cash and short-term deposits	5,744,711	34,851	430	-	5,779,991
	12,117,355	**34,851**	**430**	**-**	**12,152,636**
Financial liabilities					
Trade and other payables	1,343,781	-	-	-	1,343,781
	1,343,781	**-**	**-**	**-**	**1,343,781**

Company

	31 December, 2016				
	Naira ₦'000	**USD ₦'000**	**GBP ₦'000**	**Others ₦'000**	**Total ₦'000**
Financial Assets					
Trade and other receivables	9,214,621	-	-	-	9,214,621
Cash and short-term deposits	4,230,749	19,526	270	-	4,250,546
	13,445,370	**19,526**	**270**	**-**	**13,465,166**
Financial liabilities					
Trade and other payables	804,477	-	-	-	804,477
	804,477	**-**	**-**	**-**	**804,477**

	Company	
	31 Dec. 2017 ₦'000	**31 Dec. 2016 ₦'000**
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	1,668	1,492
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(1,668)	(1,492)

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FINANCIAL RISK FACTORS continued

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated financial position as available-for-sale. Tthese exposures are limited and as at 31 December 2017, there was no financial asset measured at fair value through profit or loss.

The Group is exposed to the commodity price risk of grains (maize, soya beans and wheat) due to seasonal trends and the availability of harvest produce. The Group does not hedge this risk and no commodity exchange exists within Nigeria. There are operational controls in place to monitor qualities and to ensure that adequate quantities are procured and stored in silos and warehouses in the harvest seasons for the gradual milling during the year. In case of local crop failure resulting in shortages, importation is undertaken.

Sensitivity to price is immaterial.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The individual boards of each business unit within the Group set their own borrowing limits under Group guidance. No formal Group limit policy exists at this stage. Group treasury monitors interest rate and borrowing exposures and weighted averages for the entire group on a monthly basis. This is analysed and reviewed by the board on a quarterly basis.

The Group's interest rate risk concentration is as follows:

		31 December, 2017 Interest Bearing		
Group	Weighted Average Interest Rate %	Variable Rate ₦'000	Fixed Rate ₦'000	Non-Interest Bearing ₦'000
Financial Assets		-		
Trade and other receivables		-		13,828,138
Cash and bank balances		-	-	1,407,607
Short-term deposits	14.9		12,718,367	-
		-	12,718,367	15,235,745
Financial liabilities				
Borrowings	18.7	-	22,124,045	-
Trade and other payables		-	-	14,706,157
Bank Overdrafts	20.8	-	2,985,402	-
		-	25,109,447	14,706,157

FINANCIAL RISK FACTORS continued

Group	Weighted Average Interest Rate %	Variable Rate ₦'000	31 December, 2016 Interest Bearing Fixed Rate ₦'000	Non-Interest Bearing ₦'000
Financial Assets		-		
Trade and other receivables		-		12,386,072
Cash and bank balances		-	-	861,217
Short-term deposits	15.31		8,684,368	-
		-	**8,684,368**	**13,247,289**
Financial liabilities				
Borrowings	10	-	25,146,797	-
Trade and other payables		-	-	16,180,541
Bank Overdrafts	13.2	-	4,649,637	-
		-	**29,796,434**	**16,180,541**

Company	Weighted Average Interest Rate %	Variable Rate ₦'000	31 December, 2017 Interest Bearing Fixed Rate ₦'000	Non-Interest Bearing ₦'000
Financial Assets		-		
Available for sale investments		-		
Trade and other receivables		-		6,372,644
Cash and bank balances			-	42,607
Short-term deposits	15.80		5,737,384	-
		-	**5,737,384**	**6,415,252**
Financial liabilities				
Trade and other payables		-	-	1,343,781
Bank Overdrafts		-	-	-
		-	**-**	**1,343,781**

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FINANCIAL RISK FACTORS continued

Company	Weighted Average Interest Rate %	Variable Rate ₦'000	31 December, 2016 Interest Bearing Fixed Rate ₦'000	Non-Interest Bearing ₦'000
Financial Assets		-		
Available for sale investments		-		
Trade and other receivables		-		9,214,621
Cash and bank balances			-	67,217
Short-term deposits	15.75		4,183,329	-
		-	**4,183,329**	**9,281,837**
Financial liabilities				
Borrowings		-	-	-
Trade and other payables		-	-	804,477
		-	**-**	**804,477**

	Group 31 Dec. 2017	Group 31 Dec. 2016
A 3% increase in interest rates would have the following impact on profit and equity.	-	-

	Group 31 Dec. 2017	Group 31 Dec. 2016
A 3% increase in interest rates would have the following impact on profit and equity.	-	-

Management considers that a 3% shift in interest rate is reasonable as the interest rate has fluctuated by a maximum of 3% at December 2016.

(b) Credit risk

Credit risk is monitored on a Group basis, however it is managed at business unit level. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, accounts receivable and deposits with banks and financial institutions.

FINANCIAL RISK FACTORS continued

For banks and financial institutions, the Group utilises institutions that have manageable reputational risk but does not strictly monitor their formal ratings. In addition, the Group monitors its exposures with individual institutions and has internal limits to control maximum exposures. The Group does not maintain a minimum threshold for its investments based on credit rating. When considering investments the Group compares the risk exposure to the returns provided by the institution.

Credit terms are set with customers based on past experiences, payment history and reputation of the customers. Credit terms for manufacturing business units are short-term, typically 30 days, for service driven units these range from 30 - 60 days.
Rental businesses collect amounts in advance to limit exposures.

Concentration of credit risk

	31 December, 2017			
Group	**Total Gross Amount ₦'000**	**Neither past due nor impaired ₦'000**	**Past due but not impaired ₦'000**	**Impaired ₦'000**
Trade receivables	4,444,237	888,847	2,126,072	1,429,318
Other receivables	3,884,960	3,884,960	-	-
Receivables from related companies	6,928,259	6,928,259	-	-
Cash and bank balances	1,407,607	1,407,607	-	-
Short-term deposits	12,718,367	12,718,367	-	-
	29,383,430	**25,828,040**	**2,126,072**	**1,429,318**

	31 December, 2016			
Group	**Total Gross Amount ₦'000**	**Neither past due nor impaired ₦'000**	**Past due but not impaired ₦'000**	**Impaired ₦'000**
Trade receivables	4,714,069	936,491	2,332,880	1,444,698
Other receivables	2,230,242	2,230,242	-	-
Receivables from related companies	6,886,459	6,886,459	-	-
Cash and bank balances	861,217	861,217	-	-
Short-term deposits	8,684,368	8,684,368	-	-
	23,376,354	**19,598,777**	**2,332,880**	**1,444,698**

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FINANCIAL RISK FACTORS continued

	31 December, 2017			
Company	**Total Gross Amount ₦'000**	**Neither past due nor impaired ₦'000**	**Past due but not impaired ₦'000**	**Impaired ₦'000**
Receivables from Group companies	6,184,521	6,184,521	-	-
Other receivables	188,123	188,123	-	-
Cash and bank balances	42,607	42,607	-	-
Short-term deposits	5,737,384	5,737,384	-	-
	12,152,636	**12,152,636**	**-**	**-**

	31 December, 2017			
Company	**Total Gross Amount ₦'000**	**Neither past due nor impaired ₦'000**	**Past due but not impaired ₦'000**	**Impaired ₦'000**
Receivables from Group companies	9,167,137	9,167,137	-	-
Other receivables	47,483	47,483	-	-
Cash and bank balances	67,217	67,217	-	-
Short-term deposits	4,183,329	4,183,329	-	-
	13,465,166	**13,465,166**	**-**	**-**

Details of the credit quality of financial assets that are neither past due nor impaired are:

	Group		**Company**	
Counter parties without external credit ratings	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**
Trade receivables				
Group 1	244,123	257,208	-	-
Group 2	355,867	374,942	-	-
Group 3	288,858	304,341	-	-
	888,847	936,491	-	-

FINANCIAL RISK FACTORS continued

	Group		Company	
	31 Dec. 2017	**31 Dec. 2016**	**31 Dec. 2017**	**31 Dec. 2016**
Other receivables	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Group 1	2,913,720	1,672,681	188,123	47,483
Group 2	776,992	446,048	-	-
Group 3	194,248	111,512	-	-
	3,884,960	**2,230,242**	**188,123**	**47,483**
Intergroup balances				
Group 1	-	-	-	-
Group 2	6,928,259	6,886,459	6,184,521	9,167,137
Group 3	-	-	-	-
	6,928,259	**6,886,459**	**6,184,521**	**9,167,137**
Cash, bank balances and short term deposits				
Group 1	14,125,974	9,545,585	5,779,991	4,250,546
Group 2	-	-	-	-
Group 3	-	-	-	-
	14,125,974	**9,545,585**	**5,779,991**	**4,250,546**

The Group defines the ratings as follows:
Group 1 - These are balances with Blue Chip, Listed and other large entities with a low chance of default.
Group 2 - These are balances with small - medium sized entities with no history of defaults.
Group 3 - These are balances with small - medium sized entities with a history of defaults or late payments.

The group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high economic standing. There are no credit ratings for financial instruments classified as "other receivables".

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FINANCIAL RISK FACTORS continued

	Group		Company	
Counterparties with external credit ratings	**31 Dec. 2017**	**31 Dec. 2016**	**31 Dec. 2017**	**31 Dec. 2016**
Cash, Bank balances and Short term deposits	**₦'000**	**₦'000**	**₦'000**	**₦'000**
AAA	1,289,298	4,096,584	-	-
AA-	925,883	238,514	-	-
A+	663,527	336,234	-	-
AA	-	-	-	-
A	2,785,467	715,100	2,785,467	1,865,239
A-	2,736,711	-	1,009,524	885,114
BBB+	209,813	1,960	-	-
BBB	2,014,670	744,048	1,985,000	1,500,193
BBB-	-	281,024	-	-
B+	50,000	50,906	-	-
B	103,153	59,602	-	-
B-	-	-	-	-
CCC	152,985	-	-	-
Unrated	3,194,468	3,021,614	-	-
	14,125,974	**9,545,585**	**5,779,991**	**4,250,546**

External ratings were based on ratings according to Fitch Rating and Agusto & Co.
The Directors have assessed that there are no increased risks to the Group's cash and short term deposits with banks that are rated less than an A as they have done proper due diligence on these institutions and continuously monitor their performance. Also deposit with banks are insured by the Nigerian Deposit Insurance Corporation.

Details of the past due but not impaired assets are as follows:

	Group		Company	
	31 Dec. 2017	**31 Dec. 2016**	**31 Dec. 2017**	**31 Dec. 2016**
Trade receivables	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Past due by 1-30 days	1,779,712	1,952,829	-	-
Past due by 31-60 days	346,360	380,051	-	-
	2,126,072	**2,332,880**	**-**	**-**

FINANCIAL RISK FACTORS continued

Reconciliation of the allowance for impairment:

	Group		Company	
Trade receivables	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**
At 1 January	1,444,698	1,755,065	-	-
Receivables written off during the year	(15,379)	(310,367)	-	-
At 31 December	**1,429,318**	**1,444,698**	**-**	**-**

The analysis of allowance for impairment was individually determined.

(c)Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The group also ensures that at all times the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Other than the major loans disclosed in note 22 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of liquidity risk with any other single counter-party.

Surplus cash is managed individually by the business units and monitored by the Group.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group			
As at 31 December, 2017	**Less than 3 months ₦'000**	**Between 3 months and 1 year ₦'000**	**Between 1 and 5 years ₦'000**	**Over 5 years ₦'000**
Borrowings (excluding finance lease liabilities)	-	21,005,846	1,446,616	-
Trade and other payables	14,706,157	-	-	-
Bank overdrafts	-	3,310,801	-	-
	14,706,157	**24,316,647**	**1,446,616**	**-**

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FINANCIAL RISK FACTORS continued

	Group			
As at 31 December, 2016	**Less than 3 months ₦'000**	**Between 3 months and 1 year ₦'000**	**Between 1 and 5 years ₦'000**	**Over 5 years ₦'000**
Borrowings (excluding finance lease liabilities)	-	20,073,035	5,741,934	-
Trade and other payables	16,180,541	-	-	-
Bank overdrafts	-	4,799,872	-	-
	16,180,541	**24,872,906**	**5,741,934**	**-**

	Company			
As at 31 December, 2017	**Less than 3 months ₦'000**	**Between 3 months and 1 year ₦'000**	**Between 1 and 5 years ₦'000**	**Over 5 years ₦'000**
Borrowings (excluding finance lease liabilities)	-	-	-	-
Finance lease liabilities	-	-	-	-
Trade and other payables	1,343,781	-	-	-
Bank overdrafts	-	-	-	-
	1,343,781	**-**	**-**	**-**

	Company			
As at 31 December, 2016	**Less than 3 months ₦'000**	**Between 3 months and 1 year ₦'000**	**Between 1 and 5 years ₦'000**	**Over 5 years ₦'000**
Borrowings (excluding finance lease liabilities)	-	-	-	-
Finance lease liabilities	-	-	-	-
Trade and other payables	804,477	-	-	-
Bank overdrafts	-	-	-	-
	804,477	**-**	**-**	**-**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest-bearing debt capital divided by total equity. Interest-bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated financial position). Total equity is calculated as 'equity' as shown in the consolidated statement of financial position including non-controlling interest. The Group has a debt/equity threshold of 0.6 times.

	31 Dec. 2017	31 Dec. 2016
Interest bearing debt	25,109,447	29,796,434
Total equity	73,126,422	76,465,540
Total capital	**98,235,869**	**106,261,974**
	0.34	0.39

3.3 Fair value estimation.

Financial instruments are normally held by the group until they close out in the normal course of business. Most of the fair values of the Group's financial instruments approximate their carrying values. The maturity profile of short-term liabilities falls due within 12 months. The maturity profile of long-term liabilities, are as disclosed in note 22 of these annual financial statements.

Short-term borrowings are measured at amortised cost using the effective interest rate method and the carrying amounts approximate the fair value. Fair valuation of borrowings was done using the income approach. This approach entails a calculation of the present value of expected future cash flows. The fair value hierarchy for borrowings is level 3 (see table next page)

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FINANCIAL RISK FACTORS continued

Due to their short-term nature, there are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

There are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

The table below sets out the classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are given below:

Level 1: Quoted prices in active markets for identical assets or liabilities, for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly .
Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for the year ended 31 December 2017.

Group **Assets measured at fair value:**	**Total** **₦'000**	**Quoted price in active market (Level 1)** **₦'000**	**Significant observable input (Level 2)** **₦'000**	**Significant unobservable input (Level 3)** **₦'000**
Investment properties	13,486,037	-	-	13,486,037
Available-for-sale investment – Quoted equity shares	26,199	26,199	-	-
Company Assets measured at fair value:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Investment properties	2,758,650	-	-	2,758,650
Liabilities for which fair values are disclosed: **Interest-bearing loans and borrowings**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Nigerian Banks	25,227,026	-	25,227,026	-

FINANCIAL RISK FACTORS continued

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for the year ended 31 December 2016.

Group **Assets measured at fair value:**	**Total** **₦'000**	**Quoted price in active market (Level 1)** **₦'000**	**Significant observable input (Level 2)** **₦'000**	**Significant unobservable input (Level 3)** **₦'000**
Investment properties	19,870,234	-	-	19,870,234
Available-for-sale investment – Quoted equity shares	19,197	19,197	-	-
Company Assets measured at fair value:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Investment properties	3,320,200	-	-	3,320,200
Liabilities for which fair values are disclosed: **Interest-bearing loans and borrowings**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Nigerian Banks	30,323,958	-	30,323,958	-

These valuations were done as at 31 December 2017, there have been no transfers between 'Level 1' and 'Level 2' during the year.

i) Assets measured at fair values

a) Investment properties

The valuation techniques used and key inputs to valuation of investment properties have been disclosed on Note 14.

ii) Liabilities for which fair values are disclosed

The fair value of unquoted loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method and applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2017 was assessed to be insignificant.

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FINANCIAL RISK FACTORS continued

The following table presents the Group's financial assets and liabilities that are not measured at fair value:

	Group			
	31 Dec. 2017		31 Dec. 2016	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade receivables	3,014,919	3,014,919	3,269,371	3,269,371
Receivables from Group companies	6,928,259	6,928,259	6,886,459	6,886,459
Other receivables	3,884,960	3,884,960	2,230,242	2,230,242
Cash and short-term deposits	14,125,974	14,125,974	9,545,585	9,545,585
	27,954,112	27,954,112	21,931,657	21,931,657
Liabilities				
Bank overdrafts and current portion of borrowings	23,780,410	23,780,410	24,521,196	24,521,196
Long term borrowings	1,329,037	1,446,616	5,275,238	5,802,762
Trade payables	6,884,745	6,884,745	4,897,420	4,897,420
Other payables	2,554,663	2,554,663	3,049,993	3,049,993
Accruals	4,071,618	4,071,618	4,269,376	4,269,376
	38,620,474	**38,738,052**	**42,013,222**	**42,540,746**

The fair value presented above, was derived using the Discounted Cash Flow technique using largely unobservable inputs. This falls into the level 3 fair value measurement.

	Company			
	31 Dec. 2017		31 Dec. 2016	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Receivables from Group companies	6,184,521	6,184,521	9,167,137	9,167,137
Other receivables	188,123	188,123	47,483	47,483
Cash and short-term deposits	5,779,991	5,779,991	4,250,546	4,250,546
	12,152,636	**12,152,636**	**13,465,166**	**13,465,166**

FINANCIAL RISK FACTORS continued

Liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Other payables	82,802	82,802	78,842	78,842
Accruals	1,260,978	1,260,978	725,634	725,634
	1,343,781	**1,343,781**	**804,477**	**804,477**

3. Financial instruments by category

	Group 31 Dec. 2017		
	Available for sale	**Loans and receivables**	**Other financial liabilities**
Financial assets	**₦'000**	**₦'000**	**₦'000**
Available for sale investments	26,199	-	-
Trade and other receivables	-	13,828,138	-
Cash and short-term deposits	-	14,125,974	-
	26,199	**27,954,112**	**-**
Financial liabilities			
Long term borrowings	-	-	1,329,037
Current portion of long term borrowings	-	-	20,795,008
Trade and other payables	-	-	14,706,157
Bank overdrafts	-	-	2,985,402
	-	**-**	**39,815,604**

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FINANCIAL RISK FACTORS continued

	Group 31 Dec. 2016		
Financial assets	**Available for sale ₦'000**	**Loans and receivables ₦'000**	**Other financial liabilities ₦'000**
Available for sale investments	19,197	-	-
Trade and other receivables	-	12,386,072	-
Cash and short-term deposits	-	9,545,585	-
	19,197	**21,931,657**	**-**
Financial liabilities			
Long term borrowings	-	-	5,275,238
Current portion of long term borrowings	-	-	19,871,559
Trade and other payables	-	-	16,180,541
Bank overdrafts	-	-	4,649,637
	-	**-**	**45,976,975**

	Company 31 Dec. 2017		
Financial assets	**Available for sale ₦'000**	**Loans and receivables ₦'000**	**Other financial liabilities ₦'000**
Available for sale investments	-	6,372,644	-
Trade and other receivables	-	6,184,521	-
Cash and short-term deposits	-	5,779,991	-
	-	**18,337,157**	**-**
Financial liabilities			
Trade and other payables	-	-	1,343,781
	-	**-**	**1,343,781**

FINANCIAL RISK FACTORS continued

	Company 31 Dec. 2016		
Financial assets	**Available for sale ₦'000**	**Loans and receivables ₦'000**	**Other financial liabilities ₦'000**
Available for sale investments	-	-	-
Trade and other receivables	-	9,214,621	-
Cash and short-term deposits	-	4,250,546	-
	-	**13,465,166**	**-**
Financial liabilities			
Trade and other payables	-	-	804,477
	-	**-**	**804,477**

The fair value of the Available for Sale Investments falls into the level 1 fair value measurement

4 Significant judgements and estimates

4.1 Significant estimates and sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Use of available information and the application of judgement are inherent in the formation of estimates. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Investment Property

The Group uses a combined approach of valuing investment properties using professionally qualified experts. For breakdowns of the properties valued using each of this refer to Note 14.

Management makes use of a number of methods to assess the fair value of investment property:

- Open market value
- Direct market comparison approach
- Current replacement cost approach

For purposes of the fair value recognised in the financial statements the open market method is adopted. The Open market value method falls under the "market approach" as stipulated in IFRS 13

To obtain the open market value the following were considered:
- A willing buyer
- A willing seller
- The property is freely exposed to the market
- A reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market - No account is to be taken of an additional bid by a special purchaser

b) Estimates of useful lives and residual values

The estimates of useful lives and residual values of PPE impact the annual depreciation charge.
The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

c) Impairment Testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact estimations and may require a material adjustment to the carrying value of intangible and tangible assets.
The group reviews and tests the carrying value of assets when events of changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occured, estimates are prepared for expected future cash flows for each group of assets. Expected future cashflows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time.

d) Provisions

Provisions were raised and management determined a best estimate of amount based on the information available. Best estimates, being the amount that the group would rationally pay to settle the obligation, are recognised as provisions at the reporting date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management estimation.

The group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is, however, unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

e) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

f) Allowance for uncollectible accounts receivable

Past experience indicates a reduced prospect of collecting debts over the age of two months. Trade receivable balances older than two months are regularly assessed by management and provided for at their discretion. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience based on the facts and circumstances prevailing as at reporting date. In addition, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management considers them to be uncollectable.

4.2 Significant judgements

a) Consolidation of UACN Property Development Company PLC (UPDC)

Although the Group only has a 46% investment in UPDC, it is treated as a subsidiary due to: - the Group is able to appoint seven of the eight directors. This includes the Managing Director, Chairman and Finance Director; and the majority of the other shareholders are disparate and are not able to coordinate to block decisions of the Group.

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b) Consolidation of CAP PLC

- Although the Group only has a 50% investment in CAP, it is treated as a subsidiary due to: the Group is able to appoint majority of the directors and management. This includes the Managing Director, Chairman and Finance controller;
- and the majority of the other shareholders are disparate and are not able to coordinate to block decisions of the Group.

Therefore, the Group has de facto control and consolidates CAP.

c) Revenue recognition

Sale of constructed properties require detailed judgements. Each transaction is assessed to determine under IFRIC 15 whether revenue should be recognised when the significant risks and rewards pass to the buyer or over time as construction takes place. All of the projects in the periods presented were identified as being the sale of goods and therefore revenue was only recognised when the significant risks and rewards had passed.

The significant risks and rewards were identified as having passed when the buyer had taken possession or control of the properties. Transfer of legal title in the market is time consuming and is seen only as an administrative step and not as a pre-requisite for revenue recognition.

d) Investment in associate

In June 2013 , the company issued a Real Estate Investment Trust (REIT) of 3,000,000,000 units of ₦10 each which is listed on the stock exchange.

The company's planned subscription rate of the REIT was 40% and 60% to UPDC and the general public respectively. The REIT closed at a value of N26.7billion, with UPDC holding 62.4% while other investors held 37.6%.

The REIT is governed by a Trust Deed, administered by UBA Trustees Limited and First Trustees Limited. The documents of title to the properties are held by the Custodians, UBA Global Services Limited. The Fund is managed by FSDH Asset Management Limited (FSDH AM) while UPDC is the Property Manager.

Although the company has more than 50% investment in the REIT, it was not consolidated as a subsidiary because the company does not control the REIT. Control is exercised by the Investment Committee and comprise:
FSDH Asset Management Limited (Fund Managers) - 2

UPDC (Sponsor of REIT & Property Manager)	- 2
UBA Trustees (Joint Trustees)	- 1
First Trustees (Joint Trustees)	- 1
Independent (Shareholders) of the REIT	- 3

5. Segment Analysis

The Group

The chief operating decision-maker has been identified as the Executive Committee (Exco), made up of the Executive Directors 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:

Food and Beverage - Made up of business units involved in the manufacturing and sale of food items, livestock feeds, bottled water, fruit juices, ice-cream and quick service restaurants.

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

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 - These are non-reportable segments made up of two medium size entities within the group involved in pension fund administration services and the 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
- EBIT Margin
- Return On Equity

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31 December 2017	Food and Beverage ₦'000	Paints ₦'000	Logistics ₦'000	Real Estate ₦'000	Others ₦'000	Total ₦'000
Total Revenue	74,053,742	9,430,239	5,039,851	3,983,078	826,507	93,333,416
Intergroup Revenue	(2,471,014)	(5,757)	(921,273)	(103,184)	(654,107)	(4,155,335)
Revenue to third parties	**71,582,728**	**9,424,482**	**4,118,578**	**3,879,894**	**172,399**	**89,178,082**
Operating profit	3,992,959	2,118,787	652,862	1,434,330	(1,167,834)	7,031,105
Impairment of receivables in UPDC Joint Ventures		-	-	-	-	-
Profit before tax	2,511,486	2,302,138	840,405	(3,057,309)	649,400	3,246,120
(Loss)/profit after tax for the year from discontinued operations	(110,653)	-	-	(293,635)	42,726	(361,562)
Property, plant and equipment	15,683,766	1,571,426	3,546,165	76,063	660,353	21,537,773
Net assets	18,645,664	3,623,378	4,831,620	33,638,424	12,387,336	73,126,422

31 December 2016	Food and Beverage ₦'000	Paints ₦'000	Logistics ₦'000	Real Estate ₦'000	Others ₦'000	Total ₦'000
Total Revenue	65,212,074	8,785,154	5,340,283	4,989,875	912,307	85,239,694
Intergroup Revenue	(1,077,751)	(22,034)	(689,226)	(147,645)	(730,776)	(2,667,432)
Revenue to third parties	**64,134,323**	**8,763,120**	**4,651,057**	**4,842,231**	**181,531**	**82,572,262**

31 December 2017	Food and Beverage ₦'000	Paints ₦'000	Logistics ₦'000	Real Estate ₦'000	Others ₦'000	Total ₦'000
Operating profit/(loss)	5,296,227	2,223,064	1,480,049	(144,844)	(214,975)	8,639,521
Impairment of investment & receivables in UPDC Metro City	-	-	-	(747,907)	-	(747,907)
Profit before tax	4,335,109	2,300,293	1,677,503	(1,230,598)	1,285,780	8,368,087
(Loss)/profit after tax for the year from discontinued operations	(97,952)	-	-	(552,525)	23,320	(627,157)
Property, plant and equipment	17,100,682	1,492,473	3,674,276	12,246,244	756,998	35,270,673
Net assets	19,125,107	2,979,675	5,445,232	34,024,115	14,891,411	76,465,540

Entity wide information

Analysis of revenue by category:	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Sale of goods	84,887,104	77,739,673
Revenue from services	4,290,977	4,832,589
	89,178,082	**82,572,262**

Analysis of revenue by category:	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Nigeria	89,178,082	82,558,923
Ivory Coast	-	13,339
	89,178,082	**82,572,262**

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%.

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6. Other operating income

	The Group		The Company	
	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Profit on sales of Property, Plant and Equipment	85,371	352,297	-	3,083
Profit on sales of Investment Property	1,956,939	767,372	6,462	35,000
Net fair value Gain on investment properties	-	1,627,369	-	118,399
Guaranty fees	-	-	-	73,249
Recovery of previously impaired loan	-	10,000	-	10,000
Government grant (See note 24)	226,640	222,515	-	-
Recovery of excess bank charges	265,244	-	-	-
Write back of statute barred unclaimed dividend	278,996	-	278,996	-
Other income*	715,018	838,590	51,792	20,583
Total other operating income	**3,528,208**	**3,818,143**	**337,250**	**260,314**

***Other income**

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

6(i). Other operating losses

	The Group		The Company	
	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Impairment of receivables in UPDC Joint Ventures*	(428,140)	(747,907)	-	-
Impairment of Investment in Warm Spring Waters Limited - Note 15 (ii)	-	-	(46,475)	-
Loss on sales of Property, Plant and Equipment	(617)	(450)	(617)	-
Net fair value loss on investment properties	(333,601)	-	(186,946)	-
Losses on completed projects**	(150,463)	(1,695,579)	-	-
Total other operating losses	**(959,296)**	**(2,443,937)**	(234,038)	**-**

ii.) Impairment of receivables in UPDC Joint Ventures*

UPDC Metro City Ltd, First Restoration Development Company Ltd and Pinnacle Apartment Development Ltd's receivables in the books are impaired after consideration for future recoverable balances.

****Losses on completed projects**
Losses are additional losses made post project completion.

7(a). Expenses by nature

	The Group		The Company	
	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Changes in inventories of finished goods and work in progress	66,903,579	58,170,197	-	-
Write off of inventories to net realisable value	387,123	112,150	-	-
Personnel expenses	7,635,999	7,513,651	775,370	603,575
Depreciation	2,508,817	2,383,288	164,084	170,719
Amortisation of intangibles	160,262	227,385	24,741	35,667
Recovery from receivables impairment	(15,379)	(310,367)	-	-
Royalty fees	123,235	116,642	-	-
Rents & Rates	523,821	528,285	29,455	16,528
Electricity & power	904,168	890,018	42,921	36,755
Vehicles repairs, maintenance & fueling	1,062,835	1,056,617	9,709	2,805
Other repairs & maintenance	711,939	896,430	22,952	36,557
Auditors' remuneration	167,541	174,290	23,000	23,000
Information technology charge	405,556	339,218	38,392	18,362
Legal expenses	225,234	172,186	26,734	16,724
Provision for legal claim - Note 27	25,000	-	25,000	-
Exchange loss	13,477	14,368	7,523	18,475
Donations & Subscriptions	71,305	74,259	17,369	12,900
Insurance	142,884	137,928	13,800	11,094
Back duty	-	450,288	-	-
Distribution expenses	1,352,823	1,274,754	-	-
Marketing, Advertising & Communication	916,459	899,323	42,205	36,332
Sundry office expenses	489,211	186,038	834,298	348,102
	84,715,890	**75,306,947**	**2,097,553**	**1,387,597**

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7(b). Expenses by function

	The Group		The Company	
	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Analysed as:				
Cost of sales	73,221,534	65,639,831	-	-
Selling and distribution expenses	4,595,842	3,155,839	-	-
Administrative expenses	6,898,514	6,511,277	2,097,553	1,387,597
	84,715,890	**75,306,947**	**2,097,553**	**1,387,597**

	The Group		The Company	
Personnel expenses include:	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Wages, salaries and other short term benefits for staff and managers	6,610,910	6,523,446	505,841	365,313
Directors' emoluments	481,683	394,975	196,122	170,076
Post employment benefits:				
- Defined contribution plans	543,407	595,230	73,408	68,186
	7,635,999	**7,513,651**	**775,370**	**603,575**

7 (c). Particulars of Directors and staff

(i) The group has in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	The Group		The Company	
Costs	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Key personnel management:				
Wages, salaries and other short term benefits	733,229	637,926	301,028	199,887

Directors' emoluments	481,683	394,975	196,122	170,076
Post employment benefits:				
- Defined contribution plans	543,407	595,230	73,408	68,186
Total for key management personnel	**1,758,388**	**1,628,131**	**570,557**	**438,150**
Other management personnel	3,060,517	2,998,182	162,163	130,619
Staff	2,817,093	2,887,337	42,649	34,806
Total	**7,635,999**	**7,513,650**	**775,370**	**603,575**

	The Group	
Numbers	**2017 Number**	**2016 Number**
Key management personnel	26	26
Other management personnel	750	642
Staff	1,365	1,315
Total	**2,141**	**1,983**
	₦'000	**₦'000**
Average cost per staff	**3,567**	**3,789**

(ii) The table below shows the number of employees (excluding directors), who earned over =N=100,000 as emoluments in the year and were within the bands stated.

₦	2017 Number	2016 Number
300001 - 500000	57	43
500001 - 700000	69	84
700001 - 900000	180	166
900001 - 1100000	138	253
1100001 - 1300000	453	382
1300001 - 1500000	224	194
1500001 and Above	1,020	861
	2,141	**1,983**

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(iii) Emoluments of directors	2017 ₦'000	2016 ₦'000
Fees	4,250	4,250
Other emoluments	191,872	165,826
	196,122	170,076
(iv) The Chairman's emoluments	2 0,675	17,548
(v) Emolument of the highest paid director	51,179	45,474

(vi) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

₦	2017 Number	2016 Number
100001 - 15000000	4	4
15000001 and above	4	4

8. Net finance income/(cost)

	The Group		The Company	
	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Interest income on short-term bank deposits	1,861,352	1,561,540	1,817,233	1,500,755
Finance Income	1,861,352	1,561,540	1,817,233	1,500,755
Interest on bank loans	5,984,411	2,699,239	-	-
Interest on bank overdraft	199,773	221,438	-	-
Unwinding of discount (Note 27)	1,254	2,042	-	-
Finance Costs	6,185,438	2,922,720	-	-
Net finance (cost)/income	(4,324,087)	(1,361,180)	1,817,233	1,500,755

9. Taxation

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Current Tax				
Nigeria corporation tax charge for the year	2,141,340	1,971,321	311,796	368,466
Education tax	126,902	257,978	23,264	26,758
Capital gains tax	121,233	15,601	-	5,128
Total current tax charge	2,389,475	2,244,899	335,060	400,353
Deferred tax				
Temporary differences, origination and reversal	(467,742)	(170,507)	(46,174)	(13,468)
Total deferred tax	**(467,742)**	**(170,507)**	**(46,174)**	**(13,468)**
Income tax expense	**1,921,733**	**2,074,392**	**288,886**	**386,885**

Nigeria corporation tax is calculated at 30% (2016: 30%) of the taxable profit for the period and education tax is calculated at 2% (2016: 2%) of assessable profit.
The tax charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Profit before tax	3,246,120	8,368,087	3,368,714	3,014,174
Tax at the Nigeria corporation tax rate of 30% (2016: 30%)	973,836	2,510,426	1,010,614	904,252
Education tax	126,902	257,978	23,264	26,758
Capital gains tax	121,233	15,601	-	5,128
Tax effect of disallowable expenses	1,542,398	1,266,285	90,410	32,204
Tax effect of Exempt income	(842,636)	(1,975,897)	(835,402)	(581,458)
Tax charge for the year	**1,921,733**	**2,074,392**	**288,887**	**386,885**

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Reconciliation of the tax payable account	**The Group**		**The Company**	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Opening balance	4,885,789	4,749,821	2,355,689	2,277,742
Withholding tax utilised	(42,182)	(319,391)	(79,339)	(297,924)
Reclassified to assets held for sales (Note 34)	(19,563)	-	-	-
Tax expense	2,389,475	2,244,899	335,060	400,353
Paid during the period	(1,836,437)	(1,789,541)	(192,396)	(24,482)
	5,377,083	**4,885,789**	**2,419,014**	**2,355,689**

10. Dividend

	The Company	
	2017	**2016**
Amounts recognised as distribution to ordinary shareholders in the year comprise:	**₦'000**	**₦'000**
Final dividend for the year ended 31 December 2016 paid in 2017 (2016: Final 2015 dividend paid in 2016)	1,920,864	1,920,864
Number of shares (000)	1,920,864	1,920,864
Dividends per share (kobo per share)	**100**	**100**

Proposed dividends on ordinary shares:
Dividend for 2017 : 65 kobo per share (2016: 100 kobo per share)

11. 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		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Profit attributable to ordinary equity shareholders:				
Profit from continuing operations	1,317,638	4,377,905	3,079,827	2,627,290
Profit from discontinued operations	(361,562)	(627,157)	-	-
Profit for the period	**956,076**	**3,750,748**	**3,079,827**	**2,627,290**
Basic earnings per share				
From continuing operations (Kobo)	69	228	160	137
From discontinued operations (Kobo)	(19)	(33)	-	-
From profit for the year	**50**	**195**	**160**	**137**
Dilluted earnings per share				
From continuing operations (Kobo)	69	228	160	137
From discontinued operations (Kobo)	(19)	(33)	-	-
From profit for the year	**50**	**195**	**160**	**137**

	The Company	
	2016 Number	2015 Number
Basic weighted average and Diluted weighted average number of shares (000)	1,920,864	1,920,864

(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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12. 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
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2016	25,166,287	17,938,237	979,930	4,510,594	2,665,931	2,474,226	53,735,205
Additions	142,760	464,786	78,393	379,775	44,591	729,184	1,839,488
Disposals	(141,694)	(396,992)	(6,514)	(630,456)	(33,937)	-	(1,209,593)
Transfers	-	10,484	-	-	150	(10,634)	-
Write Off	-	(20,002)	(5,217)	(20,003)	(3,705)	-	(48,926)
Reclassifications	205,510	238,261	8,474	70,875	916	(524,036)	-
Other reclassifications*	-	12,151	7,480	-	-	(93,807)	(74,176)
As at 31 December 2016	**25,372,864**	**18,246,924**	**1,062,546**	**4,310,785**	**2,673,946**	**2,574,934**	**54,241,999**
At 1 January 2017	25,372,864	18,246,924	1,062,546	4,310,785	2,673,946	2,574,934	54,241,999
Additions	160,343	581,751	146,487	285,735	46,988	91,757	1,313,062
Disposals	(6,705)	(204,268)	(14,309)	(402,237)	(25,060)	(28,970)	(681,549)
Write Off**	(192,034)	(19,931)	(28,048)	(24,695)	(25,346)	(3,975)	(294,028)
Reclassifications	310,184	94,370	400	10,465	(174)	(415,245)	-
Assets held for sale - Note 34	(14,785,403)	(1,293,177)	(106,608)	(144,027)	(1,484,017)	(17,989)	(17,831,222)
As at 31 December 2017	**10,859,249**	**17,405,669**	**1,060,467**	**4,036,027**	**1,186,337**	**2,200,512**	**36,748,261**

Accumulated depreciation and impairment

Cost:	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2016	3,773,918	7,929,402	622,173	3,160,981	2,148,697	-	17,635,171
Charge for the year	575,101	1,242,749	137,389	291,928	136,120	-	2,383,288
Disposals	(48,137)	(285,334)	(6,454)	(629,124)	(33,732)	-	(1,002,780)
Write Off	-	(17,587)	(5,117)	(18,002)	(3,645)	-	(44,352)
As at 31 December 2016	**4,300,882**	**8,869,229**	**747,991**	**2,805,783**	**2,247,441**	**-**	**18,971,327**
At 1 January 2017	4,300,882	8,869,229	747,991	2,805,783	2,247,441	-	18,971,327
Charge for the year	642,307	1,298,763	152,816	346,367	68,563	-	2,508,817
Disposals	(4,348)	(190,951)	(13,918)	(345,538)	(23,457)	-	(578,212)
Write Off**	(192,064)	(19,780)	(27,905)	(22,220)	(25,317)	-	(287,284)
Reclassifications	(315)	-	-	-	315	-	-
Assets held for sale - Note 34	(2,930,964)	(984,979)	(99,058)	(120,240)	(1,268,917)	-	(5,404,159)
As at 31 December 2017	**1,815,498**	**8,972,282**	**759,926**	**2,664,153**	**998,629**	**-**	**15,210,488**
Net book values:							
At 31 December 2017	**9,043,751**	**8,433,387**	**300,541**	**1,371,874**	**187,708**	**2,200,512**	**21,537,773**
At 31 December 2016	**21,071,982**	**9,377,695**	**314,555**	**1,505,001**	**426,506**	**2,574,934**	**35,270,673**

*Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.
**Other reclassifications are assets that were transfered 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.

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

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12(i). Property, plant and equipment

The Company

Cost:	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2016	542,329	233,758	399,034	239,070	73,733	17,884.00	1,505,808
Additions	25,295	-	24,321	7,345	6,656	3,975	67,592
Disposals	-	(7,243)	(424)	(31,106)	(6,449)	-	(45,223)
Transfers*	-	-	(154)	(6,930)	-	-	(7,084)
Reclassifications	9,410	-	8,474	-	-	(17,884)	-
As at 31 December 2016	**577,034**	**226,515**	**431,251**	**208,378**	**73,940**	**3,975**	**1,521,094**
At 1 January 2017	577,034	226,515	431,251	208,378	73,940	3,975	1,521,094
Additions	546	46,792	22,802	26,250	3,344	-	99,734
Disposals	-	(553)	(5,562)	(48,447)	(2,945)	-	(57,508)
Write Off**	-	(19,931)	(28,048)	(24,675)	(25,346)	(3,975)	(101,975)
Reclassifications	(1,260)	-	-	-	1,260	-	-
As at 31 December 2017	**576,320**	**252,823**	**420,444**	**161,506**	**50,253**	**-**	**1,461,346**
Accumulated depreciation and impairment							
At 1 January 2016	137,296	144,713	208,036	96,662	60,851	-	647,558
Charge for the year	13,991	27,987	77,305	45,240	6,196	-	170,719
Disposals	-	(7,242)	(421)	(23,635)	(6,425)	-	(37,723)
Transfers*	-	-	(153)	(5,886)	-	-	(6,039)
As at 31 December 2016	**151,288**	**165,458**	**284,767**	**112,381**	**60,622**	**-**	**774,515**

Accumulated depreciation and impairment

Cost:	Leasehold land and buildings ₦'000	Plant and Machinery ₦'000	Computer Equipment ₦'000	Motor Vehicles ₦'000	Office Furniture ₦'000	Capital work in progress ₦'000	Total ₦'000
At 1 January 2017	151,288	165,458	284,767	112,381	60,622	-	774,515
Charge for the year	12,813	38,693	69,399	38,586	4,593	-	164,084
Disposals	-	(453)	(5,289)	(34,690)	(2,003)	-	(42,416)
Write Off**	-	(19,773)	(27,895)	(22,207)	(25,315)	-	(95,190)
Reclassifications	(315)	-	-	-	315	-	-
As at 31 December 2017	**163,786**	**183,943**	**320,982**	**94,070**	**38,211**	**-**	**800,993**
Net book values:							
At 31 December 2017	412,535	68,879	99,462	67,436	12,042	-	660,353
At 31 December 2016	425,746	61,057	146,485	95,997	13,318	3,975	746,578

*Transfers relate to the value of assets transferred to subsidiaries.
**Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.

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

13. Intangible assets and goodwill

	Group				Company	
Cost:	**Goodwill ₦'000**	**Brands & Trade Marks ₦'000**	**Software ₦'000**	**Total ₦'000**	**Software ₦'000**	**Total ₦'000**
At 1 January 2016	548,747	1,070,185	1,072,503	2,691,435	173,944	173,944
Additions - externally acquired during the year	-	-	40,673	40,673	5,853	5,853
At 31 December 2016	**548,747**	**1,070,185**	**1,113,175**	**2,732,108**	**179,797**	**179,797**

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	Group				Company	
Cost:	**Goodwill ₦'000**	**Brands & Trade Marks ₦'000**	**Software ₦'000**	**Total ₦'000**	**Software ₦'000**	**Total ₦'000**
At 1 January 2017	548,747	1,070,185	1,113,175	2,732,108	179,797	179,797
Additions - externally acquired during the year	-	-	105,084	105,084	5,819	5,819
Assets held for sale (note 34)	-	-	(60,047)	(60,047)	-	-
At 31 December 2017	**548,747**	**1,070,185**	**1,158,213**	**2,777,145**	**185,617**	**185,617**
Accumulated amortisation and impairment						
At 1 January 2016	-	288,439	540,349	828,788	94,962	94,962
Amortisation for the year	-	-	227,385	227,385	35,667	35,667
At 31 December 2016	**-**	**288,439**	**767,734**	**1,056,173**	**130,629**	**130,629**
At 1 January 2017	-	288,439	767,734	1,056,173	130,629	130,629
Amortisation for the year	-	-	160,262	160,262	24,741	24,741
Assets held for sale			(45,313)	(45,313)	-	-
At 31 December 2017	**-**	**288,439**	**882,683**	**1,171,123**	155,370	**155,370**
Net book values:						
At 31 December 2017	**548,747**	**781,746**	**275,530**	**1,606,023**	**30,246**	**30,246**
At 31 December 2016	**548,747**	**781,746**	**345,442**	**1,675,935**	**49,168**	**49,168**

Impairment Test for Goodwill

Goodwill acquired through business combination is allocated to each of the Cash-Generating Unit (CGU) that are expected to benefit from the synergies of the combination. For the purpose of allocation, the individual entities were regarded as single cash generating unit.

The following is a summary of goodwill allocation for each operating segment:

	Opening ₦'000	Addition ₦'000	Disposal ₦'000	Impairment ₦'000	Other Adjustments ₦'000	Closing ₦'000
2017	-	-	-	-	-	-
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
At 31 December 2017	**548,747**	**-**	**-**	**-**	**-**	**548,747**
2016		-	-	-	-	
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
At 31 December 2016	**548,747**	**-**	**-**	**-**	**-**	**548,747**

The company performed its annual impairment test on 29 November 2017. The company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2017, the market capitalisation of the Company was above the book value of its equity.

Foods and Beverage CGU under Livestock Feeds

The recoverable amount of Food and Beverage which is the only segment under Livestock Feeds CGU is N5.2 billion as at 31 December 2017, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 16.47%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from UACN specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceeds the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2017.

Paints CGU under Portland Paints

The recoverable amount of Paints which is the only segment under Portland Paints CGU is N 2.3 billion as at 31 December 2017, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 16.25%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from UACN specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 9% for the years 2017 -2021 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceed the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2017.

Key Assumptions Used in value in use calculations and sensitivity to changes in assumptions.
The calculation of value in use for Livestock Feeds and Portland Paints CGUs is most sensitive to the following assumptions:

- Gross margins growth rates
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins growth rates - Gross margins growth rates are based on expected efficiency gains resulting from improved inventory management systems in both entities. The forecast gross margin growth rates amounted to Compound Annual Growth Rates (CAGR) of 16% and 14% for Livestock Feeds and Portland Paints respectively.

Decreased demand can lead to a decline in the gross margin growth rates. A decrease in the Gross Margin CAGR of 1% would result in impairment in Livestock Feeds CGU, while a decrease in the Gross Margin CAGR of 3% would result in impairment in Portland Paints CGU.

13. Intangible assets and goodwill - Continued

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its Weighted Average Cost of Capital (WACC).

The WACC takes into account equity. The cost of equity is derived from the expected return on investment by the Company's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate to 30.0% and 16.0% (i.e. +13.59% and +1.2%) in Livestock Feeds CGU and Portland Paint CGU respectively would result in impairment.

Growth rate estimates – Subjective estimates based on Market trends
Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of 5.5% for Portland Paints CGU and 5.3% for Livestock Feeds CGU. A reduction of 1.3% in the long-term growth rate in Livestock Feeds CGU would result in impairment while a reduction of 7.5% in the long term growth rate in Portland Paints CGU would result in impairment.

Other Intangible Assets - Software represents the Group's investment on license and technical agreement for its accounting and operations software. It is being amortised to the income statement over a period of five years, in accordance with the Group's policy.

The Group acquired trademark of N49 million through its business combination with Portland Paints. Portland Paints purchased the trademark from Blue Circle Industries Plc for the company's decorative paints' business. The intangible asset has been adjudged to have an indefinite life span. It was tested for impairment on 1st December and no impairment was deemed required. In carrying out the impairment test, the company conducted a "value-in-use" fair valuation exercise of the asset by applying the "Relief From Royalty" methodology, using a 5 year Cash Flow Forecast for the asset specific revenue, a Royalty Rate of 3% and a Weighted Average Cost of Capital (or Discount Rate) of 17.5%. The recoverable amount of the asset was estimated at ₦355.6 million as against the carrying amount of N49 million, thereby resulting in a nil impairment for the asset.

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14. Investment Property

	The Group			The Company		
Fair value	Freehold Building ₦'000	Leasehold Building ₦'000	Total Investment properties ₦'000	Freehold Building ₦'000	Leasehold Building ₦'000	Total Investment properties ₦'000
At 1 January 2016	720,735	19,314,592	20,035,327	-	2,984,600	2,984,600
Additions during the year	-	19,743	19,743	-	4,201	4,201
Reclassification from property stocks held as inventories (Note 19)	-	312,845	312,845	-	-	-
Disposals	-	(2,125,050)	(2,125,050)	-	(75,000)	(75,000)
Net gain from fair value adjustments on investment property	-	1,627,369	1,627,369	-	118,399	118,399
At 31 December 2016	**720,735**	**19,149,499**	**19,870,234**	**-**	**3,032,200**	**3,032,200**
At 1 January 2017	720,735	19,314,592	19,870,234	-	3.032,200	3.032,200
Additions during the year	120,000	25,250	145,502	-	8,396	8,396
Disposals	-	(6,196,098)	(6,196,098)	-	(95,000)	(95,000)
Net loss from fair value adjustments on investment property	-	(333,601)	(333,601)	-	(186,946)	(186,946)
At 31 December 2017	**840,735**	**12,645,302**	**13,486,037**	**-**	**2,758,650**	**2,758,650**

Fair value of investment properties is categorised as follows:

	The Group			The Company		
31 Dec. 17	Freehold Building ₦'000	Leasehold Building ₦'000	Total Investment properties ₦'000	Freehold Building ₦'000	Leasehold Building ₦'000	Total Investment properties ₦'000
External valuation	840,735	12,645,302	13,486,037	-	2,758,650	2,758,650
	840,735	**12,645,302**	**13,486,037**	**-**	**2,758,650**	**2,758,650**

Fair value of investment properties is categorised as follows:

31 Dec. 16	The Group Freehold Building ₦'000	The Group Leasehold Building ₦'000	The Group Total Investment properties ₦'000	The Company Freehold Building ₦'000	The Company Leasehold Building ₦'000	The Company Total Investment properties ₦'000
External valuation	720,735	19,149,499	19,870,234	-	3,020,200	3,020,200
	720,735	**19,149,499**	**19,870,234**	**-**	**3,020,200**	**3,020,200**

Significant unobservable valuation input:
Price per square metre ₦20,000 - ₦85,000
Significant increases/(decreases) in estimated price per square meter in isolation would result in significantly higher/(lower) fair value.

The Group's investment properties were revalued at 31 December 2017 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and categories of the investment properties valued. The latest valuation was performed by the external Surveyor- Messrs Steve Akhigbemidu & Co. (FRC/2013/NIESV/000000001442).

Internal and inter-group valuation are performed by UACN Property Development Company Plc which has employees that hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

Rental income schedule	The Group 31 Dec. 2017 ₦'000	The Group 31 Dec. 2016 ₦'000	The Company 31 Dec. 2017 ₦'000	The Company 31 Dec. 2016 ₦'000
Rental income derived from investment properties.	563,235	648,421	75,508	87,461
Direct operating expenses (including repairs and maintenance) on investment property generating rental income.	(80,359)	(77,340)	(1,541)	(13,282)
Profit arising from investment properties carried at fair value	**482,876**	**571,081**	**73,967**	**74,179**

The above rental income was included in the revenue

Operating lease commitments - Group and Company as leasors

UAC as lessor enters into operating leases for its investment properties under non-cancellable basis, as the lessee does not have the power to cancel the contract without the permission of the lessor. The tenure of the lease arrangements vary, but typically range between one year and five years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases as classified as Investment Properties and faired valued annually based on the group's accounting policy and in line with the requirements of IAS 40"

Future minimum rentals receivable under non-cancellable operating leases as at 31st December are, as follows:

	The Group		**The Company**	
	31 Dec. 2017 ₦'000	**31 Dec. 2016 ₦'000**	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**
0-1 year	303,101	295,080	82,965	74,944
1-5 years	400,239	339,407	395,639	334,807
Above 5 years	-	-	-	-
Total	**703,340**	**634,487**	**478,604**	**409,751**

"The minimum lease payments under non-cancellable operating leases in aggregate is ₦703 million (₦634 million: 2016), of which approximately ₦303 million (2016: ₦295 million) is expected within one year and ₦400 million (2016: ₦339 million) within the next one to five years. The group has not recognised any contingent rents in income for the years ended December 31 2017 and 2016.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements

15. Investments in subsidiaries

Company	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Opening balance	11,759,874	11,641,051
Additions - Acquisitions in UACN Property Development Company Plc, Livestock Feeds Plc and Portland Paints Plc	4,231,753	118,824
Impairment of Investments in Warm Spring Waters Nigeria Limited	(46,475)	-
Net assets held for sale - UNICO CPFA	(130,000)	-
Closing Balance	**15,815,152**	**11,759,874**

	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
Quoted shares:				
Chemical and Allied Products Plc 351,260,000 ordinary shares of 50k each	114,461	114,461	50.18	50.18
UACN Property Development Company Plc 1,667,187,500 ordinary shares of 50k each	4,851,897	2,222,209	64.16	46.00
Livestock Feeds Plc 2,198,745,272 ordinary shares of 50k each	2,246,401	1,304,372	73.00	51.00
Portland Paints Plc 677,093,500 ordinary shares of 50k each	1,938,283	1,278,248	85.50	72.20
Unquoted shares:				
Warm Spring Waters Nigeria Limited 447,214,457 ordinary shares of N1 each	-	46,475	75.94	75.94
Grand Cereals Limited 876,555,000 ordinary shares of N1 each	2,247,333	2,247,333	64.93	64.93
UNICO CPFA Limited 130,005,000 ordinary shares of N1 each	-	130,000	86.67	86.67

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	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000	31 Dec. 2017 ₦'000	31 Dec. 2016 ₦'000
UAC Foods Limited 102,000,000 ordinary shares of 50k each	2,414,414	2,414,414	51.00	51.00
MDS Logistics Ltd 51,000,000 ordinary shares of 50k each	1,861,233	1,861,233	51.00	51.00
UAC Restaurants Limited 510,000 ordinary shares of ₦1 each	141,130	141,130	51.00	51.00
	15,815,152	**11,759,874**		

Investments in subsidiaries are measured at cost

15(i) Net Asset Held for Sale - UNICO CPFA

	The Company			
	2017	**2016**	**% Shareholding**	
	₦'000	**₦'000**	**₦'000**	**₦'000**
UNICO CPFA Limited 130,005,000 ordinary shares of ₦1 each	130,000	-	87.67	87.67
Warm Spring Waters Nigeria Limited 447,214,457 ordinary shares of ₦1 each	-	-	75.94	75.94
	130,000	-		

The cost of investments in Warm Spring Waters Ltd was fully impaired during the year

16. Available for Sale financial assets

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

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Opening Balance as at 1 January	19,197	19,308	1,001	1,001
Fair value loss on available-for-sale financial assets	-	(112)	-	-
Fair value gain on available-for-sale financial assets	7,002		-	-
	26,199	**19,197**	**1,001**	**1,001**

The Group

Available for sale financial assets represent investment in quoted shares in the following Companies: First Bank Holdings Plc, United Bank for Africa Plc, Zenith Bank Plc, Africa Prudential Registrars Plc and UBA Capital Plc.

The Company

This represents investments in unquoted equities of the following companies: Industrial Investments Ltd, LACOM Communications Ltd and Trade Investment Ltd. These are companies incorporated and operating in Nigeria. It is classified as available for sale instrument and is carried at cost. The fair value cannot be determined as the companies are not listed in an active market and there are no reliable data or input to calculate the fair value. Management has not decided when to sell this investment.

17. Investments in associates and equity accounted joint ventures

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Associate				
UPDC's Investment in UPDC REIT	18,918,826	19,214,990	-	-
Joint Ventures				
First Festival Mall Limited	117,189	407,683	-	-
Transit Village Dev. Co. Ltd*	73,606	73,606	-	-
At 31 December	**19,109,621**	**19,696,279**	**-**	**-**

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

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17.1 Investments in Associate

Investments in Associate above represents UPDC's investment in REIT as at 31st December 2017. 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 31 December 2017, the fair value of each unit holders' contribution in UPDC REIT is N10. The movement in the investment in associate during the year is stated below:

	The Group	
	2017 ₦'000	**2016 ₦'000**
At 1 January	19,214,990	19,109,799
Share of profit (Note 17.3)	829,385	1,160,660
Dividend received	(1,125,550)	(1,055,469)
At 31 December	**18,918,826**	**19,214,990**

17.2 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	
	2017 ₦'000	**2016 ₦'000**
At 1 January	481,289	2,088,068
Share of (loss)/profit of First Festival Mall Limited (Note 17.3)	(290,283)	173,256
Impairment of investment in First Festival Mall Limited	(210)	-
Impairment of investment in UPDC Metro City Limited	-	(244,170)
Derecognition of investment in James Pinnock	-	(1,535,865)
At 31 December	**190,795**	**481,289**

Impairment of N210,000.00 in First Festival Mall is in respect of the reconciliation of the JVs' net asset and the carrying value in UPDC.

The unrecognised share of loss from other Joint Ventures are:

	The Group	
	2017 ₦'000	2016 ₦'000
First Restoration Dev. Coy Limited	(189,704)	(165,931)
Pinnacle Apartment Dev. Limited	(127,418)	(191,385)
Calabar Golf Estate Limited	(77,573)	(64,338)
UPDC Metro City Ltd	(1,490,669)	(1,189,531)

Set out below are the summarised financial information for the associates and joint ventures accounted for using the equity method.

Name	Country of incorporation	Non current assets	Current assets	Non current liabilities	Current liabilities	Cash & Cash Equivalent	Net Asset	Carrying value	% Interest held
31 Dec 2017		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	
Associate									
UPDC REITS	Nigeria	24,411,875	6,644,132	-	293,688	-	30,762,318	18,918,826	61.5%
Joint Ventures									
First Festival Mall Limited	Nigeria	11,871,196	702,170	11,068,487	1,244,458	(9,539)	260,421	117,189	45%
First Restoration Dev. Coy Limited	Nigeria	-	597,203	-	969,172	(829)	(371,969)	-	51%
Pinnacle Apartment Dev. Limited	Nigeria	-	1,096,731	848,137	498,434	(732)	(249,840)	-	51%
Calabar Golf Estate Limited	Nigeria	-	1,220,665	1,311,563	61,205	-	(152,103)	-	51%
UPDC Metrocity Ltd	Nigeria	1,841,990	1,821,160	2,306,044	3,841,554	63,279	(2,484,448)	-	60%
Transit Village	Nigeria	184,015	-	-	-	-	184,015	73,606	40%

Name	Revenue	Depreciation	Interest Income	Interest Expense	Tax Expense	Profit/(Loss)
31 Dec 2017		₦'000	₦'000	₦'000	₦'000	₦'000
Associate						
UPDC REITS	1,079,881		1,024,608	-	-	1,707,297
Joint Ventures						
First Festival Mall Limited	717,155	29,567	435	1,801,849	-	(645,074)
First Restoration Dev. Coy Limited	205,200	-	-	31,512	-	(39,867)
Pinnacle Apartment Dev. Limited	686,875	-	129	254,700	-	(243,778)
Calabar Golf Estate Limited	77,000	-	-	22,117	-	(21,275)
UPDC Metrocity Ltd	324,580	-	-	86,141	-	(60,395)

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17. Investments in associates and equity accounted joint ventures - Continued

Name	Country of incorporation	Non current assets	Current assets	Non current liabilities	Current liabilities	Cash & Cash Equivalent	Net Asset	Carrying value	% Interest held
31 Dec 2016		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	
Associate									
UPDC REITS	Nigeria	23,573,230	8,809,531	-	1,138,875	7,307	31,243,886	19,214,990	61.5%
Joint Ventures									
First Festival Mall Limited	Nigeria	11,811,778	728,097	10,517,717	1,116,196	242,937	905,962	407,683	45%
First Restoration Dev. Coy Limited	Nigeria	-	787,492	950,331	162,516	8,317	(325,355)	-	51%
Pinnacle Apartment Dev. Limited	Nigeria	-	1,868,482	-	2,243,746	162,918,013	(375,264)	-	51%
Calabar Golf Estate Limited	Nigeria	-	1,199,684	-	1,325,837	-	(126,153)	-	51%
UPDC Metrocity Ltd	Nigeria	1,867,664	1,771,587	2,306,044	3,315,759	-	(1,982,551)	-	60%
Transit Village	Nigeria	184,015	-	-	-	-	184,015	73,606	40%

Name	Revenue	Depreciation	Interest Income	Interest Expense	Tax Expense	Profit/(Loss)
31 Dec 2016		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Associate						
UPDC REITS	1,311,245		750,272	-	-	1,887,252
Joint Ventures						
First Festival Mall Limited	645,864	24,026	-	960,744	161,272	385,013
First Restoration Dev. Coy Limited	235,000	-	-	107,705	-	(164,717)
Pinnacle Apartment Dev. Limited	1,199,750	-	-	247,647	-	(292,417)
Calabar Golf Estate Limited	55,000	-	-	121,317	-	(127,153)
UPDC Metrocity Ltd	3,995,500	-	-	-	-	(2,389,500)

Investments in associates and Joint Ventures are measured at cost.

The associate and joint venture companies noted above are Special Purpose Vehicles (SPVs) set up between UPDC and other parties (including land owners, private equity firms and other financiers) for real estate development. UPDC has equity contributions in First Festival Mall Limited, UPDC Metro City Limited, James Pinnock Place and Transit Village as designated. The company had no commitment or contingent liabilities to the associate and joint ventures as at December 31, 2017, beyond the equity contributions held and outstanding working capital advances.

UPDC has no direct equity contribution in the Pinnacle Apartments Development Ltd, First Restoration Development Co. Ltd and Calabar Golf Estate Ltd. These three SPVs have nominal share capital designated for the purpose of profit/loss sharing only. The joint ventures are not equity backed; the land contribution by the JV partners are treated as interest-free loans to the ventures which will be deducted from sales proceeds as part of project development costs and paid back to the partners before profit/loss are shared. The nominal share holding by UPDC and the other parties entitles them only to a share of the net profit which is determinable at the project closure. At the project closure, it is expected that there will be no residual benefits to be shared by the partners other than profit/loss.

With the exception of the associate (UPDC REIT) all the SPV companies are nominal companies and will be wound up once the projects are completed and developed house units are fully sold.

UPDC plans to hold 40% of the REIT for the long term. The surplus stake of 21.5% is to be disposed for cash.

Summarised statement of financial position of Joint Venture:

	31, Dec. 17				31, Dec. 16			
	First Restoration Dev. Coy ₦'000	Pinnacle Apartment Dev. Ltd. ₦'000	Calabar Golf Estate Ltd. ₦'000	UPDC Metrocity Ltd. ₦'000	First Restoration Dev. Coy ₦'000	Pinnacle Apartment Dev. Ltd. ₦'000	Calabar Golf Estate Ltd. ₦'000	UPDC Metrocity Ltd. ₦'000
Interest held	51%	51%	51%	60%	51%	51%	51%	60%
Net asset	(371,969)	(249,840)	(152,103)	(2,484,448)	(325,355)	(375,264)	(126,153)	(1,982,551)
Group's share	(189,704)	(127,418)	(77,573)	(1,490,669)	(165,931)	(191,385)	(64,338)	(1,189,531)
Share of unrecognised loss	189,704	127,418	77,573	1,490,669	165,931	191,385	64,338	1,189,531
Carrying value in statement of financial position	-	-	-	-	-	-	-	-

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

	The Group		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Share of profit in REIT (Associate)*	829,385	1,160,660	-	-
Share of (loss)/profit of First Festival Mall Limited (Joint Venture)**	(290,283)	173,256	-	-
Share of loss in MetroCity	-	(244,169)	-	-
Total	**539,102**	**1,089,747**	**-**	**-**

***Share of profit in REIT (Associate)**
UPDC diversified its portfolio in 2013 through the floating of the UPDC Real Estate Investment Trust (REIT) at a capital value of ₦26.7 billion listed on the Nigerian Stock Exchange (NSE) on 1 July, 2013. The REIT is a property fund backed by five (5) major investment properties located in Lagos, Abuja and Aba. The REIT's income comprises of rental income from the property assets and interest earned from short term investments in money market instruments and other real estate related assets. UPDC held 61.5% of the fund at 31 December 2017. The share of profit recognised in the group financial statements relates to UPDC's share of the REIT's profit for the year ended 31 December 2017.

The revaluation gain is not distributable until the affected investment properties are disposed.

**Share of loss of First Festival Mall Limited (Joint Venture)

First Festival Mall reported a loss after tax of N645 million for the year ended 31 December 2017. The share of the Group of this based on UPDC's 45% share holding is N290 million.

18. Inventories

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Raw materials and consumables	15,078,757	20,540,489	2,669	2,664
Technical stocks and spares	1,640,851	1,508,031	-	-
Properties held as inventories (Note 19)	11,523,468	12,672,131	-	-
Finished goods and goods for resale	2,148,879	2,084,541	-	-
	30,391,954	**36,805,193**	**2,669**	**2,664**

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

The Group
During the year ended 31st December 2017, ₦387 million (2016: ₦112 million) was charged to the profit or loss for damages, obsolescence and write downs.

19. Properties under construction included in inventories

Cost/Valuation	The Group 2017 ₦'000	The Group 2016 ₦'000
Balance 1 January	12,672,131	12,166,714
Additions	1,282,887	5,021,016
Disposals	(2,758,509)	(2,346,900)
Reclassification as investment properties	-	(368,732)
Provision for Manor Gardens	-	(132,936)
Other Losses from completed projects (Note 6(i))	-	(1,695,579)
Unrealised gain on transfer of asset	-	28,548
Other Reclassifications*	(355)	-
Write Back on Pinnock Sites & Services**	410,263	-
Write down in cost of inventory arising from net realisable value being lower than cost	(82,948)	-
Balance 31 December	**11,523,468**	**12,672,131**

* Other Reclassification represents the cost of project undertaken on behalf UACN staff housing scheme which should not form part of the company's Properties under construction.
**Write Back on Pinnock Sites & Services represents the write back of credit balance in the project account upon completion and sale.

20. Trade and other receivables

Receivables due within one year	The Group 2017 ₦'000	The Group 2016 ₦'000	The Company 2017 ₦'000	The Company 2016 ₦'000
Trade receivables	4,444,237	4,714,069	-	-
Less: allowance for impairment of trade receivables	(1,429,318)	(1,444,698)	-	-

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Net trade receivables	**3,014,919**	**3,269,371**	**-**	**-**
Receivables from group companies (Note 31)	-	-	6,184,521	9,167,137
Receivables from related companies (Note 31)	6,928,259	6,886,459	-	-
Other receivables	3,884,960	2,230,242	188,123	47,483
Advance payments	259,244	243,047	-	-
WHT receivable	1,124,690	906,323	550,897	356,061
Prepayments - Staff grants	253,607	242,803	55,035	47,453
Prepayments - Other	893,318	1,408,841	17,994	21,724
	16,358,997	**15,187,085**	**6,996,571**	**9,639,859**

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		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Prepayments - Current	1,146,925	1,651,643	73,029	69,177
Prepayments - Non-current	3,245	13,402	-	-
Total prepayments	**1,150,170**	**1,665,045**	**73,029**	**69,177**

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		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
At 1 January	1,444,698	1,755,065	-	-
Recovery from receivables impairment	(15,379)	(310,367)	-	-
At 31 December	**1,429,318**	**1,444,698**	**-**	**-**

21. Cash and cash equivalents

	The Group		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Cash at bank and in hand	1,407,607	861,217	42,607	67,217
Short-term deposits	12,718,367	8,684,368	5,737,384	4,183,329
Cash and short-term deposits	**14,125,974**	**9,545,585**	**5,779,991**	**4,250,546**

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 N3.6b which represents unclaimed dividends received from Africa Prudential Registrars as at December 2017.

(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		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Cash and short-term deposits	14,125,974	9,545,585	5,779,991	4,250,546
Bank Overdrafts (Note 22)	(2,985,402)	(4,649,637)	-	-
Balances per statement of cash flow	**11,140,572**	**4,895,948**	**5,779,991**	**4,250,546**

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22. Borrowings

	The Group		The Company	
Current borrowings	**2017 ₦'000**	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Overdrafts due within one year (i)	2,985,402	4,649,637	-	-
Commercial papers due within one year (i)	20,795,008	19,871,559	-	-
	23,780,410	24,521,198	-	-
Non-current borrowings				
Loans due after one year (ii)	1,329,037	5,275,238	-	-
Total Borrowings	**25,109,447**	**29,796,434**	**-**	**-**

The above borrowings are denominated in Naira

The borrowings are repayable as follows:	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Within one year	23,780,410	24,521,196	-	-
Between one to two years	-	-	-	-
Between two to three years	1,329,037	5,231,746	-	-
More than three years	-	43,492	-	-
	25,109,447	**29,796,434**	**-**	**-**

(i) Loans due within one year

		The Group			
		2017	2016		
Bank	**Effective Interest rate**	**₦'000**	**₦'000**	**Maturity Date**	**Security**
First Bank of Nigeria Ltd	21%	148,002	254,421	Jan-18	Equitable mortgage
Zenith Bank Plc	24%	185,514	186,520	Jun-18	No security
Diamond Bank Plc	21%	262,800	511,552	May-18	Equitable mortgage
FSDH Merchant Bank Ltd	23%	1,333,333	2,333,333	Nov-18	Equitable mortgage
First Bank of Nigeria Ltd	21%	270,500	300,000	Jan-18	Equitable mortgage

FBN Merchant Bank	23%	7,458,101	7,908,496	Jun-18	Equitable mortgage
Coronation Merchant Bank	23%	8,965,615	7,113,478	Jun-18	Equitable mortgage
Bank of Industry	10%	77,631	73,686	Dec-18	Bank Guarantee from Stanbic IBTC
Bank of Industry	6%	43,742	96,122	Dec-18	Debenture on fixed and floating assets
Union Bank of Nigeria Plc	8%	2,000,000	1,602,000	Oct-18	No security
Zenith Bank Plc	23%	-	494,622		No security
Sterling Bank Plc - Agric Loan	9%	383,285	444,444	Dec-18	No security
Access Bank Plc	17%	970,954	-	Aug-18	No security
Diamond Bank Plc	17%	845,231	858,047	Aug-18	No security
First Bank of Nigeria Ltd	17%	835,701	-	Aug-18	No security
Stanbic IBTC		-	1,822,194		No security
Zenith Bank Plc		-	522,281		No security
		23,780,409	**24,521,196**		

The above borrowings are denominated in Naira
The company has no borrowings as at 31 December 2017

(ii) Loans due after one year

Group

Details of the loan maturities due after one year are as follows:	Effective Interest Rate	Amount due 2017 ₦'000	Amount due 2016 ₦'000	Maturity date
Facility				
Grand Cereals Ltd - Sterling Bank Plc and Stanbic IBTC Bank Plc	17%	662,370	1,148,148	July 2020
PPPNP-Bank of Industry	22%	-	43,492	
CAP - Stanbic IBTC	10%	-	83,598	
		662,370	1,275,238	

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Term Loan:				
UPDC - Guaranty Trust Bank		-	2,000,000	
UPDC - First Securities Discount House	NIBOR - 3%	666,667	2,000,000	May 2019
		1,329,037	**5,275,238**	

The average interest rate for facilities from local banks during the period was 18.81% (2016 was 13.6%).

(ii) Movement in total borrowing during the year is as follows:

	The Group		The Company	
	31 Dec. 2017 ₦'000	**31 Dec. 2016 ₦₦'000**	**31 Dec. 2017 ₦'000**	**31 Dec. 2016 ₦'000**
Balance as at 1 January	29,796,434	28,261,506	-	-
Proceeds from borrowings	1,372,242	33,616,190	-	-
Interest expense	6,184,184	2,920,678	-	-
Repayment of borrowings	(6,059,229)	(32,081,262)		
Interest paid	(6,184,184)	(2,920,678)	-	-
Balance as at 31 December	**25,109,447**	**29,795,434**	**-**	**-**

23. Trade and other payables

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Trade payables	6,884,745	4,897,420	-	-
Amount owed to related companies (Note 31)	1,195,130	3,963,753	-	-
Provision for employee leave	6,664	23,182	3,370	7,606
Other payables	2,554,663	3,049,993	82,802	78,842
WHT payable	255,061	238,183	218	377
VAT payable	494,533	121,966	3,476	3,332
PAYE payable	2,130	8,910	-	-
Advance from customers	774,439	1,346,480	-	-
Accruals	4,071,618	4,269,376	1,260,978	725,634
Total	**16,238,983**	**17,919,261**	**1,350,845**	**815,791**

Terms and conditions of the above financial liabilities
Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms.
Other payables are non-interest bearing and have an average term of six months. It also includes amount received in respect of litigation against General Motors Ltd (a former subsidiary of UACN Plc).
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.

24. Government grant

	The Group		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
At 1 January	235,866	260,761	-	-
Amount received during the year	-	197,619	-	-
Released to the statement of profit or loss	(226,640)	(222,515)	-	-
At 31 December	9,226	235,866	-	-
Current	9,226	226,652	-	-
Non-current	-	9,214	-	-
	9,226	**235,866**	-	-

Government grant relates to government facilities received by two entities – Livestock Feeds PLC and Portland Paints and Products Nigeria PLC, at below-market rates of interest. The facilities are meant to assist in the procurement of certain items of plant and machinery. In both entities, the grants are recognised as deferred income and amortised to profit or loss on a systematic basis over the useful life of the asset in line with their respective accounting policies.

25. Deferred Revenue

	The Group		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
At 1 January	305,378	323,112	80,642	65,991
Amount received during the year	595,035	708,984	172,031	220,174
Released to the statement of profit or loss	(683,759)	(726,718)	(196,033)	(205,523)
At 31 December	**216,654**	**305,378**	**56,640**	**80,642**

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Current	213,463	300,778	56,640	80,642
Non-current	3,192	4,600	-	-
	216,654	305,378	56,640	80,642

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.

26. Dividend payable

	The Group		The Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
As at 1 January	3,682,512	2,759,611	3,682,512	2,759,611
Dividend declared	1,920,864	1,920,864	1,920,864	1,920,864
Dividend paid during the year	(1,859,531)	(1,863,293)	(1,859,531)	(1,863,293)
Unclaimed dividend refunded	911,200	865,330	911,200	865,330
At 31 December	**4,655,045**	**3,682,512**	4,655,045	3,682,512

27. Provisions

The Group	**Contingent Liabilities ₦'000**	**Legal claim ₦'000**	**Decommisioning Liabilities ₦'000**	**Total ₦'000**
At 1 January 2017	50,000	74,757	22,123	146,880
Unwinding of discount	-	-	1,254	1,254
Derecognised on payment	(47,000)	(17,981)	(6,154)	(71,135)
Provision in respect of rent of property at Iddo - Note 7(a)	-	25,000	-	25,000
Exchange difference arising on Persiana case - Note 7(a)	-	7,679	-	7,679
31 December, 2017	**3,000**	**89,455**	**17,223**	**109,678**
Current	3,000	89,455	-	92,455
Non-current	-	-	17,223	17,223

At 1 January 2016	50,000	60,023	23,578	133,601
Unwinding of discount	-	-	2,042	2,042
Derecognised liabilities	-	-	(3,497)	(3,497)
Exchange difference	-	-	-	14,734
31 December, 2016	**89,455**	**74,757**	**22,123**	**146,880**
Current	50,000	74,757	-	124,757
Non-current	-	-	22,123	22,123

The Company	**Contingent Liabilities ₦'000**	**Legal claim ₦'000**	**Decommisioning Liabilities ₦'000**	**Total ₦'000**
At 1 January 2017	-	56,777	-	56,777
Provision in respect of rent of property at Iddo - Note 7(a)	-	25,000	-	25,000
Exchange difference arising on Persiana case	-	7,679	-	7,679
31 December, 2017	**-**	**89,456**	**-**	**89,456**
Current	-	-	-	-
Non-current	-	89,456	-	89,456
At 1 January 2016	-	42,043	-	42,043
Exchange difference	-	14,734	-	14,734
31 December, 2016	**-**	**56,777**	**-**	**56,777**
Current	-	56,777	-	56,777
Non-current	-	-	-	-

Contingent Liabilities

The contingent liability arose from the fair value of assets acquired, liabilities assumed and the non-controlling interest of Portland Paints Plc at the acquisition date. The contingent liability was a Garnishee order arising from legal claim. A judgement fee of ₦50 million was awarded by the lower court, but the Group challenged the judgement and it was reduced to ₦3 million on the 5th of July, 2017 by the Court of Appeal. The matter is now at the Supreme Court for resolution. The group is also looking at out of court settlement currently.

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Legal Claim
The legal claim comprises of the following:

(i) In June 2014, an award was made against the group in respect of a legal claim made by a claimant. The award requires a payment of $136,805 rent and service charges to the claimant. A provision has been recognised for this amount. However, we have applied for stay of execution of the award and also filed an application for the setting aside of the award for being null and void. No payment has been made to the claimant pending outcome of the stay of execution. The Lagos high court is currently reviewing the case.

(ii) Provision was made for probable litigation liability in respect of a property located at 1 Taylor Road Iddo Lagos. This provision was made based on the assessment by our solicitor that the value of the land and rent payable may not exceed ₦25 million.

(iii) Judgment was delivered against the group in the sum of ₦14 million in 2010. We appealed and the court allowed the appeal on 11th of January, 2012 and set aside the judgement of the lower court. The said sum of ₦14 million was ordered to be released back to UACN, however, before we could collect the cheque an appeal was lodged to the Supreme Court, thus, stalling the release of the cheque.

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 crystalise 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.

28. Deferred Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Deferred tax assets:				
- Deferred tax asset to be recovered after more than 12 months	711,900	145,977	-	-
	711,900	145,977	-	-
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months	(4,890,082)	(4,791,901)	(152,842)	(198,965)
Deferred tax (liabilities)/assets	(4,178,182)	(4,645,924)	(152,842)	(198,965)

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
At 1 January	(4,645,924)	(4,816,431)	(198,965)	(212,433)
(Charged)/credited to profit or loss	467,742	170,507	46,123	13,468
At 31 December 2017	**(4,178,182)**	**(4,645,924)**	**(152,842)**	**(198,965)**

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The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

The Group **Deferred tax assets**	**PPE** **₦'000**	**(i)Allowance for impairment on receivables** **₦'000**	**Tax losses** **₦'000**	**Exchange difference on Trade and other payables** **₦'000**	**Investment properties** **₦'000**	**Capital gains to be reinvested** **₦'000**	**Total** **₦'000**
At 1 January 2016	179,086	33,389	19,177	-	-	-	231,652
Credited to profit or loss	(72,616)	1,175	(14,234)	-	-	-	(85,675)
At 31 December, 2016	**106,470**	**34,564**	**4,943**	**-**	**-**	**-**	**145,977**
At 1 January 2017	106,470	34,564	4,943	-	-	-	145,977
Charged to profit or loss	(34,961)	755	601,074	-	-	-	566,868
Deferred tax effect of asset held for sale	(945)	-	-	-	-	-	(945)
At 31 December, 2017	**70,564**	**35,319**	**606,017**	**-**	**-**	**-**	**711,900**

The Group **Deferred tax liabilities**	**PPE** **₦'000**	**(i)Allowance for impairment on receivables** **₦'000**	**Tax losses** **₦'000**	**Exchange difference on Trade and other payables** **₦'000**	**Investment properties** **₦'000**	**Capital gains to be reinvested** **₦'000**	**Total** **₦'000**
At 1 January 2016	4,104,041	(20,506)	(506,914)	8,299	1,461,754	1,409	5,048,082
Charged/(credited) to profit or loss	214,081	(50,404)	(644,691)	4,369	105,582	114,882	(256,182)
At 31 December, 2016	**4,318,121**	**(70,911)**	**(1,151,605)**	**12,668**	**1,567,336**	**116,291**	**4,791,901**
At 1 January 2017	4,318,121	(70,911)	(1,151,605)	12,668	1,567,336	116,291	4,791,901
(Charged)/credited to profit or loss	31,648	13,009	(9,148)	(3,733)	68,607	(2,202)	98,181
At 31 December, 2017	**4,349,769**	**(57,902)**	**(1,160,753)**	**8,935**	**1,635,944**	**114,089**	**4,890,082**

The Company **Deferred tax liabilities**	**PPE** **₦'000**	**(i)Allowance for impairment on receivables** **₦'000**	**Tax losses** **₦'000**	**Exchange difference on Trade and other payables** **₦'000**	**Investment properties** **₦'000**	**Capital gains to be reinvested** **₦'000**	**Total** **₦'000**
At 1 January 2016	(57,791)	(14,262)	-	(611)	285,097	-	212,433
Charged/(credited) to profit or loss	(18,112)	(2,770)	-	(1,803)	9,217	-	(13,468)
31 December, 2016	**(75,902)**	**(17,032)**	**-**	**(2,414)**	**294,314**	**-**	**198,965**
At 1 January 2017	(75,902)	(17,032)	-	(2,414)	294,314	-	198,965
(Charged)/credited to profit or loss	(7,714)	(15,895)	-	1,797	(24,311)	-	(46,123)
31 December, 2017	**(83,617)**	**(32,927)**	**-**	**(617)**	**270,003**	**-**	**152,842**

(i) Allowance for impairment on receivables relate to impairment of financial instruments, write down of inventories to net realisable value and allowances.

The temporary differences relating to the group's investment in subsidiaries, associates and joint ventures, for which a deferred tax liability has not been recognised in the period presented, aggregate to ₦11.4 billion (2016 :₦12.8 billion). As the group exercises control over the subsidiaries, it has the power to control the timing of reversals of the temporary differences arising from its investment in them. The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future and that the subsidiaries, associates and joint ventures will not be disposed off, hence, the deferred tax arising from the temporary differences above will not be recognised.

There was no tax charge on the net changes in fair value of available-for-sale financial assets because in Nigeria, the income from equity investment is tax exempt.

Group

At the reporting date, the Group has unused tax losses of ₦1.6 billion (2016: ₦1.2 billion) that are indefinitely available for offset against future taxable profits of the companies in which the losses arose.

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29. Share Capital

Group and Company	2017 Number 000	2017 Amount ₦'000	2016 Number 000	2016 Amount ₦'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	1,920,864	960,432	1,920,864	960,432
Total called up share capital	**1,920,864**	**960,432**	**1,920,864**	**960,432**

Movements during the period:	Group and Company	
	Number of shares	Ordinary shares
	000	N'000
At 31 December 2016	1,920,864	960,432
Capitalised during the period	-	-
As at December 2017	**1,920,864**	**960,432**

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).

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.

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

	Group		Company	
	2017 ₦'000	**2016 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Profit before tax from continuing operations	**3,246,120**	**8,368,087**	**3,368,714**	**3,014,174**
Loss before tax from discontinued operations	(356,063)	(593,207)	-	-
Adjustment for net finance (income)/costs	4,324,087	1,361,180	(1,817,233)	(1,500,755)
Operating profit	**7,214,143**	**9,136,060**	**1,551,480**	**1,513,419**
Amortisation of intangible assets	160,262	227,385	24,741	35,667
Share of associate and joint ventures' profit	(539,102)	(1,089,747)	-	-
Dividend income	-	-	(2,719,313)	(1,728,393)
Depreciation	2,508,817	2,383,288	164,084	170,719
Effects of exchange rate changes	13,477	14,368	7,523	18,475
Net fair value losses/(gains) on investment properties	333,601	(1,627,369)	186,946	(118,399)
Losses on completed projects	150,463	1,695,579	-	-
Impairment of investments & receivable in JVs and UHL	428,140	747,907	-	-
Impairment of investments in Warm Spring Waters	-	-	46,475	-
Profit on sale of tangible PPE	(85,371)	(352,297)	-	(3,083)
Loss on sale of tangible PPE	617	450	617	-
Profit on sale of Investment Properties	(1,956,939)	(767,372)	(6,462)	(35,000)
Operating cash flows before movements in Movements in working capital:	**8,228,108**	**10,368,254**	**(743,909)**	**(146,595)**
Inventories	6,413,238	(11,443,106)	(6)	2,005
Trade and other receivables	(1,171,912)	(560,968)	13,601	(1,067,491)
Trade and other payables	658,014	3,187,457	1,467,064	819,705
Provisions	(37,201)	13,279	32,679	14,734
Net cash from/(used in) operations - continuing operations	**14,090,248**	**1,564,916**	**769,429**	**(377,642)**

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	Group		Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Inventories	(25,480)	(33,220)	-	-
Trade and other receivables	127,174	30,320	-	-
Trade and other payables	35,512	247,502	-	-
Net cash from operations - continuing operation	162,686	277,822	-	-
Net cash from/(used in) operations	**14,252,934**	**1,842,739**	**769,429**	**(377,642)**

31. 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) ₦628 million (2016: ₦690 million).

This has been included in the revenue of the Company.

	Company	
	2017 ₦'000	2016 ₦'000
UACN Property Development Co. Plc	35,811	29,203
Grand Cereals Limited	355,521	271,234
Chemical and Allied Products Plc	71,140	68,140
Warm Spring Waters Nigeria Limited	3,328	4,965

	2017 ₦'000	2016 ₦'000
UAC Foods Ltd	34,590	157,566
UNICO Closed PFA Ltd	1,708	1,620
MDS Logistics Ltd	-	27,235
Portland Paints & Products Plc	23,286	19,560
Livestock Feeds Plc	101,917	110,672
	627,299	**690,195**

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

	Company	
Receivable:	**2017 ₦'000**	**2016 ₦'000**
UACN Property Development Co. Plc	1,507,072	3,920,044
Chemical and Allied Products Plc	9,148	4,969
Grand Cereals Limited	3,709,495	3,124,939
Warm Spring Waters Nigeria Limited	13,047	14,059
UNICO CPFA Ltd	5,165	5,908
UAC Restaurants Limited	10,288	48,074
Portland Paints Plc	115,853	491,702
Livestock Feeds Plc	746,779	1,382,431
MDS Logistics Ltd	5,408	35,096
UAC Foods Ltd	62,266	139,916
	6,184,521	**9,167,137**

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All trading balances will be settled in cash.

(c)Receivables from related companies

	Group	
	2017	**2016**
	₦'000	**₦'000**
UPDC Metrocity Limited	1,033,904	1,141,850
UPDC Metrocity Limited Loan	1,383,626	1,383,626
First Festival Mall Limited Loan	1,328,422	1,328,422
First Festival Mall Limited	1,237,596	780,034
First Restoration Dev. Co. Limited	390,825	646,006
Calabar Golf Estate Limited	538,893	531,159
Pinnacle Apartment Development Limited	98,326	302,456
Imani and Sons	843,353	696,660
Galaxy Mall Current Account	73,314	70,809
UPDC REIT	-	5,437
	6,928,259	**6,886,459**

There were no allowance for doubtful debt relating to related party receivables as at 31 December 2017 (2016: nil) and no charges to the profit or loss in respect of doubtful related party receivables.

(d) Amount owed to related companies

	Group	
	2017	**2016**
	₦'000	**₦'000**
UPDC REIT	129,005	14,610
James Pinnock current account	1,066,125	3,949,143
	1,195,130	**3,963,753**

(e) Key Management Personnel

Total transactions with key management personnel amounted to Nil during the year (2016:Nil).
Intra-group and other related party transactions are carried out at normal commercial terms and conditions.

32. Capital commitments and contingent liabilities

	Group		Company	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Capital expenditure authorised	7,823,940	13,905,512	322,050	122,260
Capital expenditure authorised & contracted	1,761,636	5,536,727	115,990	33,620

In 2006, UPDC acquired a parcel of land in Ikoyi from Wema Bank. The property was originally owned by the Federal Ministry of Works and Housing (FMWH). Subsequently, Parkview Estate was developed on the property at a carrying value of₦1.5billion.

However, County & City Bricks Limited (CCBL) had taken the Federal Government and UPDC to court claiming that the land was leased to it in 1998 and therefore any subsequent dealing on the portion of land adverse to its interest is null and of no effect.

Judgment was delivered in June 2009 to the effect that there was indeed a contract between the FMWH and CCBL which the Ministry breached and that they were entitled to the parcel of land (including the UPDC acquired area). The court further declared that the certificates of UPDC and other parties to the suits were null and void. CCBL, with the help of police officers, but without a writ of execution from the Court and any bailiff of Court, forcefully took over the premises and ejected UPDC's contractors and workers therefrom.

UPDC has appealed the judgment. The lawyer's opine that UPDC has a high chance of succeeding in its appeal because of inconsistencies in the judgment of the High Court and that the company is a bonafide purchaser of value without notice of any encumbrance on the property before acquiring a legal title.

Steve Akhigbemidu & Co. (Estate Surveyors & Valuers) assessed and valued the property in 2014 - fair market: ₦1.8billion, forced sale: ₦1.2billion, following which the directors wrote down the property to its forced sale value of N1.2 billion.The directors have written down the property to its forced sale value of ₦1.2 billion in 2014. In an event the company loses the case the carrying value of the property in its books is ₦1.2 billion.

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There were other litigations as at the reporting date in the ordinary course of business which involved land acquisition, contractual claims and recovery of overdue rents and service charges. In the opinion of the directors, no material loss is expected to arise from these. However, those evaluated to likely result in loss were provided for.

33. Technical support agreements

A subsidiary (CAP Plc) has a royalty agreement with AkzoNobel, United Kingdom in respect of paints produced and sold by the subsidiary. Amount charged for the period (representing 3% of turnover of Dulux Brand) is ₦123.24 million (2016: ₦116.55 million)

34. Disposal group held for sale and discontinued operations

Disposal group held for sale

UPDC Hotels Limited (UHL)
The Board of UPDC Plc has decided on 24th October, 2017 to sell its investment in UPDC Hotels Limited (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 discountinued operation in accordance with IFRS 5.

Disposal group held for distribution to owners

UNICO CPFA Limited (UNICO)
The Board of UNICO CPFA Limited with the concurence of shareholders of the company resolved on 24th November 2017 to discontinue pension business and dissolve the company. Hence, this entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2017.

Warm Spring Waters Nigeria Limited (WSWNL)
The Board of Warm Spring Waters Nigeria Limited agreed on 11th January 2018 to voluntarily wind up the Company with effect from 31st December 2017. It was also sactioned by the shareholders at the extra ordinary meeting held on 5th February 2018. This entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2017.

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

	UHL 2017 ₦'000	UNICO 2017 ₦'000	WSWNL 2017 ₦'000	TOTAL 2017 ₦'000
Assets				
Non-current assets:				
Property, plant and equipment (Note 12)	11,814,513	6,400	606,150	12,427,063
Intangible assets (Note 13)	5,335	9,399	-	14,734
Deferred tax asset (Note 28)	-	945		945
	11,819,848	**16,744**	**606,150**	**12,442,742**
Current assets				
Inventories	166,850	-	25,403	192,253
Trade and other receivables	189,861	19,944	21,936	231,741
Statutory Reserve Fund Account	-	78,522	-	78,522
Held to maturity- Treasury bills	-	172,226	-	172,226
Cash and short-term deposits	117,447	20,708	3,769	141,924
	474,158	291,400	51,108	816,667
Total	**12,294,007**	**308,145**	**657,258**	**13,259,409**
Liabilities				
Non-current liabilities				
Borrowings	-	-	-	-
Deferred taxation liabilities	-	-	-	-
	-	-	-	-
Current liabilities				
Trade and other payables	674,617	39,004	151,329	864,950
Current income tax liabilities (Note 9)	-	2,443	17,120	19,563
	674,617	41,446	168,449	884,513
Total	**674,617**	**41,446**	**168,449**	**884,513**

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Warm Spring Waters owes UACN Plc ₦652 million (2016: ₦655 million), this amount was treated as intragroup transaction on consolidation.

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

	UHL 2017 ₦'000	UNICO 2017 ₦'000	WSWNL 2017 ₦'000	TOTAL 2017 ₦'000	UHL 2017 ₦'000	UNICO 2017 ₦'000	WSWNL 2017 ₦'000	TOTAL 2017 ₦'000
Revenue	1,622,069	170,750	460,748	2,253,567	1,354,947	161,980	496,535	2,013,462
Cost of sales	(1,307,137)	-	(373,638)	(1,680,775)	(1,249,276)	-	(361,700)	(1,610,976)
Gross profit	314,931	170,750	87,110	572,791	105,671	161,980	134,835	402,486
Other income	8,696	12,142	301	21,139	48,268	12,615	3,547	64,430
Selling and distribution expenses	(91,604)	-	(109,232)	(200,836)	(115,530)	-	(118,960)	(234,490)
Administrative expenses	(525,658)	(184,477)	(84,790)	(794,925)	(565,760)	(168,626)	(86,053)	(820,439)
Operating profit	(293,635)	(1,585)	(106,611)	(401,831)	(527,352)	5,969	(66,631)	(588,014)
Finance income	-	46,639	-	46,639	-	20,847	160	21,007
Finance cost	-	-	(871)	(871)	(25,173)	-	(1,027)	(26,200)
Impairment loss recognised on the remeasurement to fair value less costs to sale	-	-	-	-	-	-	-	-
(Loss)/Profit before tax from discontinued operations	(293,635)	45,054	(107,482)	(356,063)	(552,525)	26,816	(67,498)	(593,207)
Tax expense:								
Related to pre-tax profit/(loss) from the ordinary activities for the period	-	(2,329)	(3,171)	(5,500)	-	(3,496)	(30,454)	(33,950)
Related to remeasurement to fair value less costs to distribute	-	-	-	-	-	-	-	-
(Loss)/profit from discontinued operations	(293,635)	42,726	(110,653)	(361,562)	(552,525)	23,320	(97,952)	(627,157)

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 2017 ₦'000	UNICO 2017 ₦'000	WSWNL 2017 ₦'000	UHL 2016 ₦'000	UNICO 2016 ₦'000	WSWNL 2016 ₦'000
Operating	145,875	219	18,289	(23,618)	(41,014)	9,396
Investing	(22,176)	(126,498)	(17,386)	32,361	12,707	(30,450)
Financing	(41,396)	(19,500)	(3,104)	(25,173)	(45,000)	(1,973)
Net cash (outflows)/inflows	**82,303**	**(145,779)**	**(2,201)**	**(16,430)**	**(73,307)**	**(23,027)**

35. Disclosure of Interests in Other Entities

35.1 Composition of the group

UAC of Nigeria Plc is a diversified conglomerate with interests in four primary verticals - Food and Beverages (5 entities), Real Estate (1 entity), Paints (2 entities) and Logistics (1 entity). The group comprises of a corporate centre (the Company) holding controlling interests in 10 entities, including a closed pension fund administrator.

35.2 Subsidiaries with significant non-controlling interests

UACN Property Development Company Plc (UPDC) – UPDC is a publicly quoted company whose principal place of business is in Lagos, Nigeria. The company is involved in the development, sale and facility management of commercial and residential properties in Nigeria. First Trustees, a subsidiary of First Bank of Nigeria Plc holds an 8% (2016: 8%) interest in the entity. The loss allocated to Non-Controlling Interest (NCI) for the year ended 31 December 2017 is ₦1.6 billion (2016: ₦837 million) and no dividend was paid (2016: ₦464 million). As at 31 December 2017, the accumulated NCI in the subsidiary was ₦18.1 billion (2016: ₦18.5 billion). UAC has a 64.2% (2016: 46%) equity interest in UPDC but has de facto control in the subsidiary and therefore consolidates the entity in line with IFRS 10.

MDS Logistics Limited (MDS) – MDS Logistics Limited is a company which provides warehousing, distribution and redistribution services to clients in Nigeria. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Imperial Mobility International BV ("Imperial"), thereby retaining 51%. Imperial held a 49% stake in the company as at 31 December 2017 (2016: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2017 is ₦287 million (2016:₦595 million) and total dividend paid amounts to ₦1.2 billion (2016: ₦673 million). As at the 31 December 2017, the accumulated NCI in the subsidiary was ₦2.37 billion (2016: ₦2.67 billion).

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UAC Restaurants Limited (UACR) – UAC Restaurants Limited is a quick service restaurant company that operates through the Mr Biggs'chain of restaurants, using the franchise model. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Famous Brands, thereby retaining 51%. Famous Brands held a 49% stake in the company as at 31 December 2017. The loss allocated to Non-Controlling Interest (NCI) for the year 2017 is ₦3.23 million (2016: Loss of N13.98 million) and no dividend was paid. As at 31 December 2017, the accumulated NCI in the subsidiary was ₦195 million (2016: ₦198 million).

UAC Foods Limited (UFL) – UAC Foods Limited is a company involved in the manufacture of packaged snacks, fruit juice, ice-cream and bottled spring water. The company's principal place of business is Lagos, Nigeria. In 2011, UAC divested 49% of its 100% stake in the company to Tiger Brands, thereby retaining 51%. Tiger Brands held a 49% stake in the company as at 31 December 2017 (2016: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2017 is ₦473 million (2016: ₦388 million) and total dividend paid amounts to ₦600 million (2016: ₦300 million). As at 31 December 2017, the accumulated NCI in the subsidiary was ₦2.86 billion (2016: ₦2.69 billion).

Summarised financial information	**MDS** **₦'000**	**UPDC** **₦'000**	**UACR** **₦'000**	**UFL** **₦'000**
Non-current assets	3,563,181	30,279,010	422,816	3,681,734
Current assets	2,707,390	34,299,055	481,242	6,089,891
Current liabilities	839,164	30,269,782	489,231	3,120,228
Non-current liabilities	599,787	669,859	17,223	745,465
Revenue	5,039,851	3,983,078	1,242,561	14,379,348
Profit before tax	840,405	(3,057,309)	51,102	1,353,713
Total comprehensive income/(loss)	586,389	(2,947,638)	(6,589)	964,070

Acquisition of additional interest in subsidiaries

I. Portland Paints and Products Nigeria PLC (Portland Paints) In August 2017, the Company subscribed for right issue made by Portland Paints and Products Nigeria Plc. In addition, the Company took additional rights not taken by some other shareholders. Thus, the total additional shares acquired by the group is 388 million shares. While the total consideration of ₦660 million was paid to Portland Paints & Products Nigeria Plc by UAC of Nigeria Plc, no consideration was paid to non-controlling shareholders for the right not taken by them. The group now holds 85.5% of the equity share capital of Portland Paints. This represents an increase of 12.8% arising from rights not taken by non controlling shareholders which was acquired by UAC of Nigeria Plc. The carrying value of the net asset of Portland Paints (including goodwill on the original acquisition) on the date of acquisition was ₦1.1 billion.

The effect of changes in the ownership interest of UACN Group on the equity attributable to owners of the company during the year is summarised as follows:

	₦'000
Cash consideration paid to non-controlling shareholders	-
Carrying value of the additional interest in Portland Paints Plc	(86,314)
Difference recognised in retained earnings	(86,314)

ii. Livestock Feeds Plc (LSF)

In May 2017, the Company subscribed for rights issue made by Livestock Feeds Plc. In addition, the Company took additional rights not taken by some other shareholders. Thus, the total additional shares acquired by the group is 1,179 million shares. While the total consideration of ₦942 million was paid to Livestock Feeds Plc by UAC of Nigeria Plc, no consideration was paid to non-controlling shareholders for the right not taken by them. The group now holds 73% of the equity share capital of Livestock Feeds. This represents an increase of 22% arising from rights not taken by non controlling shareholders which was acquired by UAC of Nigeria Plc. The carrying value of the net asset of Livestock Feeds (including goodwill on the original acquisition) on the date of acquisition was ₦2.03 billion.

The effect of changes in the ownership interest of UACN Group on the equity attributable to owners of the company during the year is summarised as follows:

	₦'000
Cash consideration paid to non-controlling shareholders	-
Carrying value of the additional interest in Livestock Feeds Plc	(400,703)
Difference recognised in retained earnings	(400,703)

iii. UACN Property Development Company Plc (UPDC)

In May 2017, the Company subscribed for rights issue made by UPDC Plc. In addition, the Company took additional rights not taken by some other shareholders. Thus, the total additional shares acquired by the Group is 877 million shares. While the purchase consideration of ₦2.63 billion was settled by converting UPDC intra-group loan to equity by UAC of Nigeria Plc, no consideration was paid to non-controlling shareholders for the right not taken by them. The group now holds 64.2% of the equity share capital of UPDC Plc. This represents an increase of 18.16% arising from rights not taken by non controlling shareholders which was acquired by UAC of Nigeria Plc. The carrying value of the net asset of UPDC on the date of acquisition was ₦31.3 billion.

The effect of changes in the ownership interest of UACN Group on the equity attributable to owners of the company during the year is summarised as follows:

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The effect of changes in the ownership interest of UACN Group on the equity attributable to owners of the company during the year is summarised as follows:

	₦'000
Cash consideration paid to non-controlling shareholders	-
Carrying value of the additional interest in UAC Property Development Company Plc	(5,804,907)
Difference recognised in retained earnings	(5,804,907)

36. Fair Value Measurements

Fair value of investment property

An independent valuation of the group's investment property was performed by valuers to determine the fair value of investment properties as at 31 December 2017. The gain on fair valuation was credited to profit or loss and is shown in "other gains" (Note 6). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3) The valuation of investment property results in a level 3 fair value

Valuation techniques used to derive level 3 fair values

Investment Property

Level 3 fair values for investment property has been derived using the open market value. To obtain the open market value, the following were considered, a willing buyer, a willing seller, the property is freely exposed to the market, a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market. The open market value methodology falls within the "market approach" as stipulated by IFRS 13

	Fair value measurements as at 31st December 2017 using:		
all figures in N'000 unless otherwise stated	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements	**₦'000**	**₦'000**	**₦'000**
Investment Property			
UAC Company	-	-	2,758,650
UPDC	-	-	10,727,387
Group			**13,486,037**
Available for sale financial assets			
Livestock Feeds Plc investment in financial assets for sale	26,199	-	

	Fair value measurements as at 31st December 2016 using:		
all figures in N'000 unless otherwise stated	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements	**₦'000**	**₦'000**	**₦'000**
Investment Property			
UAC Company	-	-	3,032,200
UPDC	-	-	16,838,034
Group			**19,870,234**
Available for sale financial assets			
Livestock Feeds Plc investment in financial assets for sale	19,197	-	

UAC of Nigeria Plc.
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Reconciliation of level 3 fair values

	2017	
	Investment Property (Company)	**Investment Property (Group)**
	₦'000	**₦'000**
Opening balance	3,032,200	19,870,234
Transfers to/(from) level 3	-	-
Additions	8,396	145,502
Reclassifications	-	-
Disposals	(95,000)	(6,196,098)
Loss recognised in profit or loss	(186,946)	(333,601)
Closing Balance	**2,758,650**	**13,486,037**

Reconciliation of level 3 fair values

	2016	
	Investment Property (Company)	**Investment Property (Group)**
	₦'000	**₦'000**
Opening balance	2,984,600	20,035,327
Transfers to/(from) level 3	-	-
Additions	4,201	19,743
Reclassifications	-	312,845
Disposals	(75,000)	(2,125,050)
Loss recognised in profit or loss	118,399	1,627,369
Closing Balance	**3,032,200**	**19,870,234**

Valuation process for the Group

On an annual basis, the Group engages external, qualified valuers to determine the fair value of the Group's investment properties, using level 3 inputs. The firm of Messrs Steve Akhigbemidu & Co carried out the valuation exercise of investment properties as at 31 December 2017.

The external valuations of the level 3 investment properties have been performed using the Open Market Approach.

The external valuers has determined these inputs based on the size, age, condition of the land and buildings, willing buyer, willing seller, the state of the local economy and a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value as at 31 December 2017	Fair value as at 31 December 2016	Valuation Technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Investment Property - UAC Company	2,758,650	3,032,200	Market Approach	The price range used per square metre are N20,000-N75,000 which was determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value
Investment Property - UPDC	10,727,387	16,838,034	Market Approach	The price range used per square metre are N20,000-N85,000 which was determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value

37. Subsequent events

Subsequent to reporting date, the group issued rights of 960 million at N16 per share to its existing shareholders; which was fully taken up. There were no other significant events after the reporting date, which would have a material effect on the consolidated and separate financial statements at that date or which need to be mentioned in the consolidated and separate financial statements in order to make them not misleading as to the financial position or results of operations.

UAC of Nigeria Plc.
Group Five-Year Financial Summary
year ended 31 December 2017

	IFRS				
Naira millions	**2013**	**2014**	**2015**	**2016**	**2017**
Funds Employed					
Equity attributable to equity holders of the Company	42,898	44,965	44,588	46,418	51,749
Non-controlling interest	29,340	30,110	29,554	30,047	21,377
Creditors due after one year	11,562	13,296	13,174	10,067	6,219
Provisions	26	132	134	22	17
	83,825	**88,503**	**87,449**	**86,555**	**79,363**
Employment of funds					
Property, plant and equipment	57,420	59,305	58,260	56,995	37,371
Long term investments	17,991	19,901	21,198	19,696	19,110
Net current (liabilities)/assets	6,701	10,226	7,897	9,877	10,510
	82,112	**88,622**	**87,355**	**86,569**	**66,991**
Capital Expenditure	8,348	3,029	1,809	1,839	1,313
Depreciation	3,077	2,629	2,495	2,611	2,669

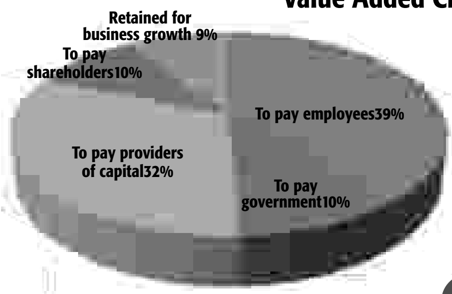
Results	IFRS				
Turnover	78,714	85,654	73,771	82,572	89,178
Profit from operations	15,192	12,394	7,395	8,640	7,031
Share of profit of associated companies	-	2,979	1,787	1,090	539
Taxation	(4,062)	(3,370)	(2,570)	(2,074)	(1,922)
Profit after tax and non-controlling interest	5,582	6,532	2,983	3,751	956
Dividend - proposed	(3,362)	(3,362)	(1,921)	(1,921)	(1,249)
Profit for the year retained	3,159	3,171	(378)	1,830	(965)
Share prices : High (kobo)	7,110	7,120	4,274	2,200	1,672
Low (kobo)	4,200	3,400	1,875	1,681	1,672
Market capitalisation (period-end)	128,698	65,309	36,016	32,290	32,117
Dividend per share (kobo)	175	175	100	100	65
Dividend per share (kobo) - adjusted	175	175	100	100	65
Earnings per share (kobo)	291	340	155	195	50
Earnings per share (kobo) - adjusted	291	340	155	195	50
Net assets per share (kobo)	3,713	3,876	3,860	3,981	3,807
Dividend cover (times)	1.7	1.8	1.0	1.0	0.7

UAC of Nigeria Plc.
Statement of Value Added
for the year ended 31 December 2017

	Group				Company			
	2017		2016		2017		2016	
	₦ Million	%	₦ Million	%	₦ Million	%	₦ Million	%
Turnover	89,178		82,572		827		821	
Share of associated companies' profits	539		1,090		-		-	
Interest received & other income	5,390		5,380		2,154		1,821	
Cost of materials and services:								
Imported	(374)		(369)		-		-	
Local	(75,350)		(67,885)		1,352		2,422	
Value Added	**19,382**	**100**	**20,788**	**100**	**4,333**	**100**	**5,064**	**100**
Applied as follows:								
To pay employees								
Salaries, wages and other benefits	7,636	39	7,514	36	755	18	706	14
To pay government								
Taxes	1,922	10	2,074	10	289	7	659	13
To pay providers of capital								
Interest charges	6,185	32	2,923	14	-	-	-	-
To pay shareholders								
Dividend	1,921	10	1,921	9	1,921	44	3,362	66
Retained for replacement of assets and business growth:								
Depreciation and Amortisation	2,669	14	2,611	13	189	4	195	4
Non-controlling interest	10	(0)	1,916	9	-	-	-	-
Future Investment	(961)	5	1,830	9	1,159	27	142	3
	19,382	**100**	**20,788**	**100**	**4,333**	**100**	**5,064**	**100**

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

Value Added Chart



Shareholders' Information

According to the Register of Members, one shareholder Stanbic Nominees Limited held 7.82% of the issued share Capital of the Company as at 31st December, 2017. No other Shareholder held more than 5% shares in the Company.

RANGE ANALYSIS

Range		No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	- 500	33,729	18%	33,729	9,439,086	0%	9,439,086
501	- 1,000	23,855	13%	57,584	17,624,534	1%	27,063,620
1,001	- 5,000	106,203	57%	163,787	260,144,197	14%	287,207,817
5,001	- 50,000	19,704	11%	183,491	220,614,565	11%	507,822,382
50,001	- 100,000	774	0%	184,265	55,058,996	3%	562,881,378
100,001	- 500,000	602	0%	184,867	123,551,469	6%	686,432,847
500,001	- 1,000,000	98	0%	184,965	74,621,874	4%	761,054,721
1,000,001	- 10,000,000	103	0%	185,068	304,143,060	16%	1,065,197,781
10,000,001	- 1,000,000,000	20	0%	185,088	855,666,605	45%	1,920,864,386
Grand Total		**185,088**	**100%**		**1,920,864,386**	**100%**	

UAC of Nigeria Plc.
Statement of Value Added
for the year ended 31 December 2017

Unclaimed Dividends

Since becoming a public company in 1974, the company has declared dividends and issued a number of scrip issues.

Currently, our unclaimed dividend accounts indicate that some dividend warrants have been returned to the Registrars as unclaimed either because the addresses could not be traced or because the affected shareholders no longer live at the addresses.

Affected shareholders are please requested to contact the registrars to update their records and furnish their bank and stockbroker details for e-mandate.

The Registrar
Africa Prudential PLC
220B Ikorodu Road,
Palmgrove, Lagos
Telephone 01-8931501
E-mail: ofc@africaprudential.com

The dividends are set out below:

Dividend No	Amount Unclaimed (₦)	Amount returned to Coy (₦)	Amount in Custody (₦)
40	32,606.21	31,432.15	1,174.06
41	2,538,205.85	2,491,784.29	46,421.57
42	51,678,865.72	50,278,073.23	1,400,792.50
43	16,066.47	24,631.05	8,564.58
44	721,222.97	3,912,200.10	3,190,977.13
45	431,796.99	464,237.65	32,440.66
46	218,386,598.56	216,209,064.28	2,177,534.27

Dividend No	Amount Unclaimed (₦)	Amount returned to Coy (₦)	Amount in Custody (₦)
47	217,959,852.64	216,990,171.87	969,680.77
48	204,352,342.05	210,247,431.60	5,895,089.54
49	915,955,998.61	865,329,531.30	50,626,467.31
50	870,949,893.92	809,102,063.32	61,847,830.60
51	419,264,593.53	381,093,975.71	38,170,617.82
52	511,098,576.68		511,098,576.68
Total	3,421,548,035.00	2,763,767,777.15	657,780,257.84

Movement in Share Capital

Date	Authorised Capital From ₦'000	Authorised Capital To ₦'000	Issued and fully paid Capital From ₦'000	Issued and fully paid Capital To ₦'000	Consideration
30/9/1976	26,000	40,000	23,760	39,600	Scrip issue (2 for 3)
23/9/1977	40,000	80,000	39,600	79,200	Scrip issue (1 for 1)
30/9/1978	80,000	100,000	79,200	99,000	Scrip issue (1 for 4)
30/9/1990	100,000	148,500	99,000	148,500	Scrip issue (1 for 2)
11/4/1990	148,500	163,350	148,500	163,350	Scrip issue (1 for 10)
16/9/1993	163,350	204,188	163,350	204,188	Scrip issue (1 for 4)
5/4/19941	204,188	204,188	204,188	161,308	Capital reduction
5/2/1995	204,188	204,188	161,308	181,727	Offer for subscription
3/7/1996	204,188	300,000	181,727	227,159	Scrip issue (1 for 4)
9/8/2000	300,000	300,000	227,159	454,318	Scrip issue (1 for 1)
27/10/2004	500,000	1,000,000	454,318	640,288	Scrip issue (1 for 4)
21/5/2010	1,000,000	1,000,000	640,288	800,360	Scrip issue (1 for 4)
24/5/2013	1,000,000	1,700,000	800,360	960,432	Scrip issue (1 for 5)

Africa Prudential
RC 649007

Affix Current Passport

USE GUM ONLY
NO STAPLE PINS

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male Female

Surname/Companys Name First Name Other Name

Address

City State Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Signature:

Signature:

Joint/Companys Signatories

Company Seal*(if applicable)*

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, inciden tal, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	☑
1. AFRICA PRUDENTIAL PLC	☐
2. ABBEY MORTGAGE BANK PLC	☐
3. AFRILAND PROPERTIES PLC	☐
4. ALUMACO PLC	☐
5. A & G INSURANCE PLC	☐
6. A.R.M LIFE PLC	☐
7. ADAMAWA STATE GOVERNMENT BOND	☐
8. BECO PETROLEUM PRODUCTS PLC	☐
9. BUA GROUP	☐
10. BENUE STATE GOVERNMENT BOND	☐
11. CAP PLC	☐
12. CAPPA AND D'ALBERTO PLC	☐
13. CEMENT COY. OF NORTHERN NIG. PLC	☐
14. CSCS PLC	☐
15. CHAMPION BREWERIES PLC	☐
16. CWG PLC	☐
17. CORDROS MONEY MARKET FUND	☐
18. EBONYI STATE GOVERNMENT BOND	☐
19. GOLDEN CAPITAL PLC	☐
20. INFINITY TRUST MORTGAGE BANK PLC	☐
21. INVESTMENT & ALLIED ASSURANCE PLC	☐
22. JAIZ BANK PLC	☐
23. KADUNA STATE GOVERNMENT BOND	☐
24. LAGOS BUILDING INVESTMENT CO. PLC	☐
25. MED-VIEW AIRLINE PLC	☐
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	☐
27. NEXANS KABLEMETAL NIG. PLC	☐
28. OMOLUABI MORTGAGE BANK PLC	☐
29. PERSONAL TRUST & SAVINGS LTD	☐
30. P.S MANDRIDES PLC	☐
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	☐
32. PREMIER BREWERIES PLC	☐
33. RESORT SAVINGS & LOANS PLC	☐
34. ROADS NIGERIA PLC	☐
35. SCOA NIGERIA PLC	☐
36. TRANSCORP HOTELS PLC	☐
37. TRANSCORP PLC	☐
38. TOWER BOND	☐
39. THE LA CASERA CORPORATE BOND	☐
40. UACN PLC	☐
41. UNITED BANK FOR AFRICA PLC	☐
42. UNITED CAPITAL PLC	☐
43. UNITED CAPITAL BALANCED FUND	☐
44. UNITED CAPITAL BOND FUND	☐
45. UNITED CAPITAL EQUITY FUND	☐
46. UNITED CAPITAL MONEY MARKET FUND	☐
47. UNITED CAPITAL NIGERIAN EUROBOND FUND	☐
48. UNITED CAPITAL WEALTH FOR WOMEN FUND	☐
49. UNIC DIVERSIFIED HOLDINGS PLC	☐
50. UNIC INSURANCE PLC	☐
51. UAC PROPERTY DEVELOPMENT COMPANY PLC	☐
52. UTC NIGERIA PLC	☐
53. WEST AFRICAN GLASS IND PLC	☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

***= Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.:
7. SEX: MALE FEMALE
8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Companys Signatories

Company Seal*(if applicable)*

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. AFRICA PRUDENTIAL PLC
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHERS MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Companys Signatories

Company Seal*(if applicable)*

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ______ **the company** . I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: ______
Surname *First Name* *Middle Name*

ADDRESS: ______

GSM NUMBER: ______ **E-MAIL:** ______

GENER: Male ☐ Female ☐ **CSCS INVESTOR'S A/C NO.:** ______

CLEARING HOUSE NUMBER(CHN): C ______ **REGISTRAR'S ID NO (RIN):** ______

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ______ **BANK:** ______

BANK A/C NUMBER: ______ *Must be NUBAN* **BVN:** ______ *Must be confirmed by bank* **AGE OF A/C:** *DD MM YYYY* ______ *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

Shareholders Signature & Date (2) *(if applicable)*

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Company Seal

SECTION B:INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Dated this ____ day of ______, 20____

Name: ______

Signature: ______

Joint (2) (if applicable): ______

Joint (3) (if applicable): ______

Company Seal

In the Presence of:

Name: ______ **GSM NO:** ______

Address: ______ **Signature:** ______

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of ______ Plc/Ltd, we hereby agree jointly and severally to keep the company and /or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments , losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): ______ **Authorised Signatory (2):** ______

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

PROXY FORM

UAC OF NIGERIA PLC

Annual General Meeting to be held at 10.00 a.m. on Wednesday 20th June, 2018 at Golden Tulip Festac, Amuwo-Odofin, Lagos.
I/We

being a member/members of UAC OF NIGERIA PLC do hereby appoint

____

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on our behalf at the General Meeting of the Company to be held on Wednesday 20th June, 2018 and at every adjournment thereof

Please indicate your wish by placing 'X' in the appropriate square

RESOLUTIONS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
To declare Dividend			
To elect Mrs Omolara Elemide as a Director			
To elect Mr Folasope Babasola Aiyesimoju as a Director			
To elect Mrs. Olufunke Ighodaro as a Director			
To re-elect Dr Umaru Alka as a Director			
To re-elect Mr. Babatunde Kasali as a Director			
To Authorize Directors to fix remuneration of the Auditors for 2018 The Auditor's remuneration and expenses for 2017 was N23m			
To elect members of the Audit Committee			
To approve N113,114,536.78 as Directors remuneration for 2018 The Directors' remuneration for 2017 was N102,463,371.23			
To approve N374million as severance payment for messrs Larry Ettah and Joseph Dada			
To renew the general mandate authorizing the Company to enter into recurrent transactions with related parties or Companies.			

Signature of member/proxy______________________________

Dated this________day of ______________________ 2018.   Date: ______________________________

NOTES
1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to attend by proxy. The above form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but 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 instead of the Chairman of the Meeting.
3. Please sign the above proxy form and post it so as to reach the address shown over leaf not later than 5.00 p.m. on Monday 18th June, 2018. If executed by a corporation, the proxy form should be sealed with the Common Seal or signed.
4. The proxy must produce the Admission form sent with the Report and Accounts to obtain entrance to the Meeting.
5. The proxy form should not be completed and sent to the address if the member will be attending the meeting in person.

IF YOU ARE UNABLE TO ATTEND, PLEASE
(a) Write the name of your proxy (if any) where marked.*
(b) Ensure that the form is signed by you and stamped with COMMISSIONER OF STAMP DUTIES.
© Tear the proxy form along the perforated lines and post so as to reach the address shown overleaf not later than 48 hours before the time of holding the meeting.

ADMISSION FORM
UAC OF NIGERIA PLC
Annual General Meeting Admission Card

Please admit

to the Annual General Meeting of UAC OF NIGERIA PLC which will be held at Golden Tulip Festac, Amuwo-Odofin, Lagos on Wednesday 20th June, 2018 at 10.00 a.m.

IMPORTANT NOTICE:
1. This admission card must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
2. Shareholders or their proxies are requested to sign the admission card in the appropriate place before attending the Meeting

GODWIN A SAMUEL, ESQ
COMPANY SECRETARY/LEGAL ADVISER

UAC OF NIGERIA PLC
Annual General Meeting Admission Card
Name and Address of Shareholder

Signature of person attending

SHAREHOLDER ____________________

PROXY ____________________

www.uacnplc.com