

2015

ANNUAL REPORT



...doing good



**SHARE
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VISION

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

MISSION

To grow our top-line
at twice the rate of
GDP growth in
Nigeria at a 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 food and beverages, real estate, paint and logistics sectors of the economy. UAC has remained a foremost and active participant in the Nigerian economic landscape since 1879.

The Company's brand portfolio includes leading brands such as Gala Sausage Roll, Mr Bigg's, Funtime Coconut Chips, Supreme Ice cream, Delite Fruit Juice, Swan Natural Spring Water, Gossy Warm Spring Water, Dulux, Grand Soya Oil and Grand Groundnut Oil, Vital Feeds, Binggo Dog Food, Livestock Feeds and Sandtex.

UAC has evolved into a Holding Company with 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 Ltd, a joint venture with Imperial Logistics, which holds 49% equity with UAC holding the majority stake of 51%; UAC Restaurants Ltd, where Famous Brands holds 49% of the equity, while UAC holds the remaining 51%. UAC also operates successful joint ventures in the real estate business and technical collaborations in its paint business.

The Company blazed the trail by fully franchising its Quick Service Restaurants operations, a strategy that is serving as a model for the sector, and has been replicated by competition. 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 quoted on the Nigerian Stock Exchange; UAC Foods Limited the manufacturers of Gala Sausage Roll, Delite Fruit Juice, Supreme Ice Cream and SWAN Natural Spring Water MDS Logistics Limited, a foremost integrated logistics company, with investments in the development of pharmaceutical distribution hubs in key locations across the country; UAC Restaurants Limited with its chain of Mr Bigg's outlets, Grand Cereals Limited the manufacturers of Vital Feeds, Binggo Dog Food, Grand Maize Flour and Grand Oil Brands Chemical and Allied Products Plc(CAP Plc) leading its industry segment with Dulux paint and Warm Spring Waters Nigeria Limited-manufacturers of "GOSSY" Spring Water and UNICO CPFA Limited, a Closed Pension Funds Administrator.

The Company's business expansion drive which led to the acquisition of controlling equity in Livestock

Company Profile

Feeds Plc, foremost manufacturers of poultry feeds and 71.7% equity stake in Portland Paints and Products Nigeria Plc, makers of Sandtex paint. These acquisitions have deepened the Company's play in the paints and feeds market.

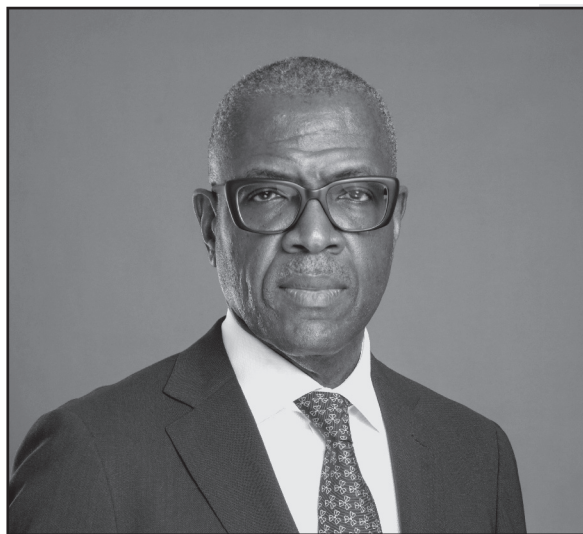
UAC executes a pro-active investor relations programme through a dynamic management approach to ensure that the Company seizes opportunities presented by its current business model. The Company's strategic partnerships are aimed at enhancing operational excellence and delivery capabilities as well as consolidating and building its market share in a competitive and fast-growing market.

The Company'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 execution of relevant business strategies, continuous innovation and significant investment in capacity building.

C

Chairman's Statement



Distinguished Shareholders, Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 2015 Annual General Meeting of our company, UAC OF NIGERIA PLC and to present to you the Annual Report of the Company for the financial year ended 31st December 2015.

Before reporting on our company's performance, I would like to highlight some of the key issues in the business environment that impacted our operations during the year.

ECONOMIC AND BUSINESS ENVIRONMENT

The Nigerian economy was significantly influenced by the elections and election-related activity that took place during the year as well as various macro-economic challenges, all leading to significantly reduced commercial activity and consumer purchasing power. The current government, which was formed by a party that was previously in opposition, assumed office in May 2015 with the benefit of a tremendous amount of goodwill, and the burden of a high level of expectations, from both within and outside the country. As a result, however, of what was thought to be a delay in constituting the federal cabinet, and the uncertainty which that created in relation to the economic policy direction of the Federal Government, business activities slowed down. The business environment became even more challenging, thus undermining the capacity of investors to maximize the business opportunities in the economy. The year was also characterized by the inability of most State Governments to meet their salary obligations, which required the Federal Government to provide the affected State Governments with a financial bail-out package.

The macro-economic context for the deceleration of the Nigerian economy in 2015 can be found in the low crude oil prices that manifested during the year. The year started with crude oil prices of about \$55.00, peaked at almost \$70.00 in April, 2015 and ended with a crude oil price of about \$37.72, compared with a

Chairman's Statement

benchmark price of \$53.00 that was contained in the Federal Government's budget for 2015. The low crude oil prices led to imbalances in Nigeria's foreign exchange markets, turmoil in its financial markets, and caused the Nigerian economy to suffer its worst economic downturn in decades.

By way of further background to the very difficult year in which our company operated, the National Bureau of Statistics reported that the growth rate of Nigeria's Gross Domestic Product (GDP) in 2015 was about 3%, which was well below the 6.2% growth rate that the country experienced in 2014. Inflation was also high in 2015, and the year ended with an inflation rate of 9.6% in December. In terms of the financial markets, the Nigerian Stock Exchange All-Share Index was reduced by about 17.36% and market capitalization, which opened at ₦11.478 trillion at the beginning of the year, had declined by over ₦1.63 trillion by year end.

Nigeria started the year with foreign exchange reserves of almost \$30 billion and at the end of the year the nation's foreign reserves had declined to about \$29.00 — largely as a result of declining crude oil prices. Although the Central Bank of Nigeria (CBN) was able to maintain relative stability in the official foreign exchange market (circa: ₦200.00 / USD 1.00), the prevailing exchange rates for cash transactions at bureaux de change, as well as the 'unofficial' exchange rate for the US Dollar, hovered above ₦230 to the dollar (now over ₦300), despite the various measures adopted by the CBN. The shortage of foreign exchange at official

rates, and uncertainty over whether there would be an adjustment to the official exchange rate, was a major drag on our company's overall business performance.

On the monetary policy front, in November 2015 the CBN reduced the Monetary Policy Rate (MPR) from 13% to 11% (the lowest rate since 2009) and the Cash Reserve Ratio for banks to 20%, in order to address the weak fundamentals of the economy and in particular the low output of the productive sector, rising unemployment and the uncertainty of the global economic environment. In the course of the year, JP Morgan removed Nigeria from its Government Bond Index on the basis that Nigerian government bonds had failed its liquidity and transparency tests. That decision had a further, negative, impact on Nigeria's foreign reserves, stock market and yields on the country's debt.

The year 2015 was also shaped by the insurgency of the Boko Haram terrorist group, which decimated entire communities in the North East of Nigeria and displaced hundreds of thousands of people, while destroying lives and properties including farmlands and poultry farms. In relation to poultry farms, the outbreak of Avian Influenza (Bird Flu) in two-thirds of the States of Nigeria led to a depopulation of birds, which negatively impacted our Animal Feeds business. Our businesses also had to grapple with a 'soft' real estate market, high borrowing costs, a worsening public power supply, deteriorating roads and various other infrastructural challenges.

Chairman's Statement

CAPITAL REQUIREMENTS

You will recall that the objective of the capital raising proposals that were presented to the shareholders at the Annual General Meeting that took place on 23 September, 2015 was to attract a strategic investor or investors and obtain equity capital that would be used to drive growth in certain subsidiaries. Following your approval of a 1 for 12 Rights Issue of 160,072,032 ordinary shares, your Board and Management made all necessary arrangements to launch the Issue. Unfortunately, however, the weak performance of the Nigerian capital market has made it impossible to raise the required capital on optimal terms and at the end of March 2016, a decision was taken by the Board to discontinue the Rights Issue. Your Board and Management will now undertake the needed investment and financial restructuring of those subsidiaries using internally generated funds.

FINANCIAL PERFORMANCE

Against the background of the extremely challenging economic and business environment in 2015, your Company recorded a Group Revenue of N73.1 billion, which was down by 14.6% from the N85.6 billion of the previous year. Group Profit After Tax of N5.2 billion was down by 52.6% on N10.9 billion of the previous year.

DIVIDEND

In view of the results that I have just highlighted, and the need to conserve funds so that we can participate in the Rights Issues that will be undertaken by three of our

subsidiaries (i.e. UACN Property Development Company PLC, Livestock Feeds PLC and Portland Paints & Products Nigeria PLC), the Board is recommending for your approval a dividend of 100 kobo per share in respect of the 2015 financial year.

OUTLOOK FOR 2016

The National Bureau of Statistics forecasts that the Nigerian economy will expand by 3.8% in 2016. World economic growth for 2016 is projected at 3.4% and growth forecasts for China and India are put at 6.4% and 7.6%, respectively. The key issues that will continue to dominate the Nigerian economy are crude oil prices and Nigeria's exchange rate policy, interest rate policy, fiscal policy and trade policy.

Low or further declines in oil prices will result in lower revenues for all tiers of government, lower foreign exchange earnings, sustained or increased pressure on the exchange rate, increased borrowings and higher levels of debt servicing and heightened inflation. In order to address these challenges the Federal Government's budget for 2016 indicates that Nigeria has adopted a fiscal strategy that is anchored, among other things, on improving tax collection in order to boost revenue, diversification of the economy and of the Government's revenue base, promotion of local petroleum refining, local manufacture of previously imported items, as well as increased spending on infrastructure and in particular on power. All of these will have to be fast-tracked if the economy is to avoid a recession.

Chairman's Statement

BOARD CHANGES

Since the last Annual General Meeting two members of the Board of Directors of our Company, namely, Senator Udoma Udo Udoma, CON and Dr. Okechukwu Eyinnaya Enelamah were appointed as Honourable Ministers of the Federal Republic of Nigeria. Following the earlier appointment of Chief Ernest Shonekan, our former Group Executive Chairman, as Interim Head of State in 1993, their appointment is an attestation to the high quality of our people. We acknowledge with profound appreciation the congratulatory messages received from our Shareholders on their appointments and as good ambassadors of our Company, we wish them a very successful tenure of office. Following their appointments and resignation from the Board, Dr. Okechukwu John Mbonu and I were appointed to the Board. In accordance with the law and Articles of Association of the Company, Dr Umaru Alka is the Director retiring by rotation at this meeting, while the two new Directors will be presented for election by shareholders.

APPRECIATION

Distinguished shareholders, I wish to express the appreciation of the Board of Directors to the staff and management of our company for their unstinting contributions during what was a very challenging year. My appreciation also goes to our valued customers for their continued patronage and loyalty to our brands and company. I also thank my colleagues on the Board for their support and co-operation. Finally I wish to thank you, our loyal shareholders, for keeping faith with our company and for your support over the years.

Thank you for your attention.

Mr Dan Agbor

Chairman

FRC/2013/NBA/00000001748

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 Arthur Mbanefo Hall, Golden Tulip Festac Lagos, Amuwo-Odofin on Wednesday, 8th June, 2016 at 10.00 o'clock 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 2015, 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. Re-elect/Elect Directors
4. 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. Renewal of General Mandate For Related Party Transactions

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 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 for holding the meeting.

Dated this 30th day of March, 2016

By Order of the Board



Godwin A Samuel, Esq.,
Company Secretary/Legal Adviser

FRC/2013/NBA/0000000608

Registered Office

UAC House

1-5 Odunlami Street

Lagos



Notice of Annual General Meeting

NOTES

Dividend

In view of the results, the Directors have recommended the payment of a dividend of 100 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 9th June, 2016. Shareholders whose names are on the Register of Members at the close of business on Friday May 13, 2016.

Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed from Monday May 16 to Friday May 20, 2016 (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 may nominate a shareholder as a member of the Committee by giving notice in writing of such nomination to the Company Secretary 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 for publication in the annual report for the information of all shareholders.

By a recent rule of the financial reporting council, any person attesting as a chairman of audit committee to

annual report, financial statements, accounts, financial report, returns and other documents of financial nature, shall be a professional member of an accounting body established by an act of national assembly in Nigeria.

Unclaimed Share Certificates and Dividend Warrants

Shareholders are hereby informed that a sizeable quantity of share certificates and dividend warrants have been returned to the Registrars as unclaimed. Some dividend warrants have neither been presented to the Bank for payment nor to the Registrar for revalidation. Unclaimed dividends lists for dividends No 50 have been uploaded on the Company's website. Affected members are by this notice advised to please contact the Registrars (Africa Prudential Registrars Plc) at their office at 220B, Ikorodu Road, Palmgrove, Lagos or call them on 01-4606460 during normal business hours to revalidate their dividend warrants and update their contact information.

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 on or before Friday June 3rd, 2016.

Annual Report & Unclaimed Dividend List

Shareholders who wish to receive electronic copies of the Annual Report & Accounts and Unclaimed Dividends list should please send their names and e-mail addresses to the Registrars at info@africaprudentialregistrars.com.



Notice of Annual General Meeting

E-Dividend/Bonus

Pursuant to the directive of the Securities and Exchange Commission notice is hereby given to all shareholders to open bank accounts, stock-broking 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.

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 available for inspection at this Annual General Meeting.

Board of Directors, Professional Advisers etc

Board of Directors

Mr Daniel Owor Agbor

Non-Executive Chairman Appointed WEF 12/11/2015

Senator Udoma Udo Udoma

Resigned WEF 11/11/2015

Mr. Larry Ephraim Ettah

Group Managing Director/Chief Executive Officer

Mrs. Awuneba Sotonye Ajumogobia

Non-Executive Director

Dr. Umaru Alka

Non-Executive Director

Mr. Abdul Akhor Bello

Executive Director/Chief Financial Officer

Mr. Joseph Ibrahim Dada

Executive Director, Corporate Services

Mr. Babatunde Oladele Kasali

Non-Executive Director

Dr. Okechukwu John Mbonu

Non-Executive Director Appointed wef 12/11/2015

Dr. Okechukwu E. Enelamah Resigned wef 11/11/2015

Company Secretary/Legal Adviser

Godwin Abimbola Samuel, Esq.,

Registered Office and Transfer Office

UAC House

1-5 Odunlami Street

Lagos

Auditor

Ernst &Young

UBA House-10th & 13th Floors,

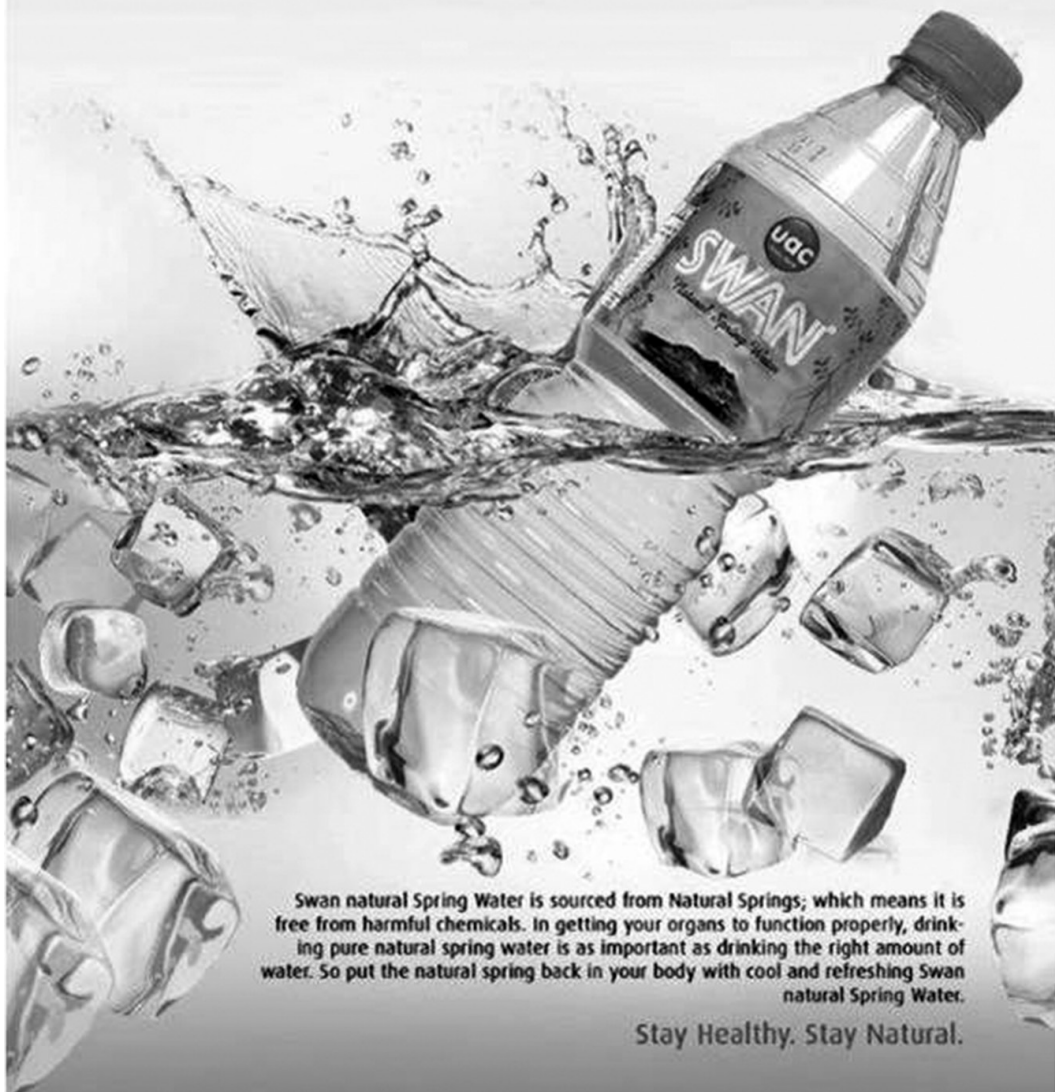
Marina, Lagos.



UAC FOODS
LIMITED

SWAN

Give Your Body
The Natural Spring!
It Needs.



Swan natural Spring Water is sourced from Natural Springs; which means it is free from harmful chemicals. In getting your organs to function properly, drinking pure natural spring water is as important as drinking the right amount of water. So put the natural spring back in your body with cool and refreshing Swan natural Spring Water.

Stay Healthy. Stay Natural.

Directors' Responsibility

“The Directors are responsible for the preparation of the annual financial statements which give a true and fair view of the position of the company”

Directors' Responsibility

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

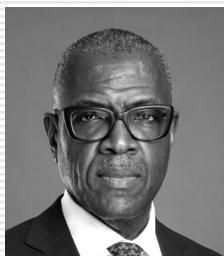
In accordance with the provisions of the Companies and Allied Matters Act Cap C20 laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the financial position of the Company and of the Statements of 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 judgments and estimates, and that all applicable accounting standards have been followed and;

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

Profile of Directors



1. MR DANIEL OWOR AGBOR 56

Mr Daniel Owor 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 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 Ltd (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 Boards of Directors of several companies including being the Non-Executive Chairman of FSDH Securities Limited, a Non-Executive Director of FSDH Merchant Bank Limited, Pensions Alliance Limited and Swift Network Services Limited, respectively and an alternate director of Nigerite Limited.

He has attended several training programmes within and outside Nigeria including a 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 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 Programme, a Euromoney Training Programme on Private Equity and Venture Capital and Arthur Andersen & Co's 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.

Profile of Directors



2. Mr Larry Ephraim Ettah, 52

Mr. Ettah is the Group Managing Director/Chief Executive Officer of the Company. He started his career as a Management Trainee in UAC of Nigeria Plc in 1988. He has held several senior management positions in UAC of Nigeria Plc and was appointed an Executive Director of UAC of Nigeria Plc in 2004. He became the Group Managing Director/Chief Executive Officer of UAC of Nigeria Plc on 1st January, 2007. He holds a B.Sc. degree in Industrial Chemistry (1985) and an MBA (1988) both from University of Benin. A graduate of the renowned Executive Programme of Ross School of Business, University of Michigan. He has also attended Executive Education Programmes at Graduate School of Business, Stanford University, Harvard Business School, USA and IMD Lausanne, Switzerland. He is the President of Nigeria Employers' Consultative Association (NECA).



3. Mrs Awuneba Sotonye Ajumogobia, 57

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 (13) years.

Mrs. Awuneba currently serves as Executive Director of Multistream Energy Limited; she is on the advisory board of Lagos Deep Offshore Logistics Base (LADOL) and the board of trustees of Youth Business Initiative. Mrs. Ajumogobia who joined the UACN Board in July 2009 is a member of the Statutory Audit Committee as well as the Chairperson of the Risk Management Committee and continues her professional development at leading global academic institutions.

Profile of Directors



4. Mr Joseph Ibrahim Dada, 55

Mr Dada graduated from Ahmadu Bello University, Zaria with a B.Sc (Hons) in Economics. He holds a Masters of Science Degree in Marketing Management from the University of Lagos. He is a member of Advertising Practitioners Council of Nigeria (APCON) and a Fellow of the National Institute of Marketing of Nigeria (NIMN). He is an alumnus of the famous Kellogg School of Management, North Western University, Illinois, USA. He joined UACN as a Management Trainee in September 1983. He worked with the then A J Seward Division of UAC, in UAC Export and, subsequently, UAC Foods, where he was Divisional Ice Cream Director, Divisional Frozen Foods Director and Acting Divisional Fast Foods Director. In December 1999, Mr Dada was appointed the Managing Director of Grand Cereals Limited, a subsidiary of UAC, a position he held until his elevation to the Board in January, 2010 as Executive Director, Corporate Services with responsibility for Human Resources, Marketing and Strategy.



5. Mr Abdul Akhor Bello, 55

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 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, UACN; Finance Director & Company Secretary and later Managing Director of CAP Plc. He was the Managing Director of UPDC Plc from November 2007 until his elevation to the Board of UAC as Chief Financial Officer in January 2010.



6. Engr. (Dr.) Okechukwu John Mbonu 64

Engr Dr Okechukwu John Mbonu is a Partner of Execution Edge Limited. He holds a first class honours (B.Sc) and Ph.D degrees in Mechanical Engineering of 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) and a Fellow of the Sierra Leone Institute of Engineers (FSLIE). He started his career as an engineer with Nigerian Breweries Plc in 1982. After his training programme, he held several engineering positions including, Chief Engineer, Aba and Chief Engineer, Lagos. In 1989 he was posted to Heineken Technical Services (HTS) in The Netherlands for a one-year development programme. He

Profile of Directors

returned from The Netherlands in 1990 and was appointed the Group Engineering Manager of Nigerian Breweries Plc in 1990. 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 in January, 1999 and was elevated to the Board of Nigerian Breweries Plc as the company's Human Resource Director (HRD) in November, 1999. He was appointed as the Customer Service Director (CSD) of the company 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 for the provision of management advisory services to medium and large scale business enterprises. As part of his career development, he has attended several local and international learning events including courses at INSEAD France; London School of Economics UK; Stanford USA; Wharton School USA; IMD Switzerland and Heineken University The Netherlands. He joined the Board in November, 2015 as a Non-Executive Director.

7. Mr. Babatunde O Kasali, 62



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, Principal Manager, Ernst & Young (Chartered Accountants) Nigeria; Financial Consultant, Peugeot Automobile Nigeria Limited; Chief Inspector, Regional Director, Divisional Director and Regional Bank Head, Lagos, Consumer and Commercial Banking Group, United Bank For Africa Plc respectively. He is the Managing Partner, Babs Kasali & Co. (Chartered Accountants). He was Non-Executive Director of UACN Property Development Company Plc from where he was appointed to the UACN Board in March, 2013.

Profile of Directors



8. Dr. Umaru Alka, 64

Dr Umaru Alka, an expert in environmental pollution and conservation 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 a 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 has also at various times served on the Boards of the Federal Housing Authority, Bauchi State Water Board, Lake Chad Research Institute; and as an Adviser to the Bauchi State Government on Environmental, Industrialisation and Water Resources Development. He is a member of the Nigerian Society of Engineers, Nigerian Society of Chemical Engineers, Institution of Water Pollution Control (U.K) and the Institute of Public Health Engineering (U.K). He was a Non-Executive Director of Chemical & Allied Products Plc from where he was appointed to the UACN Board in March 2013.

Group Senior Management Team

1. Mr. Larry Ettah	Group Managing Director/Chief Executive Officer
2. Mr. Abdul Bello	Executive Director/Chief Financial Officer
3. Mr. Joseph Dada	Executive Director, Corporate Services
4. Mrs. Omolara Elemide	Managing Director, Chemical and Allied Products Plc
5. Mr. Chidi Okoro	Managing Director, UAC Foods Ltd
6. Mr. Hakeem Ogunniran	Managing Director, UACN Property Dev. Co. Plc
7. Mr. Layi Oyatoki	Managing Director, Grand Cereals Ltd
8. Mrs. Muhibat Abbas	Managing Director, UNICO CPFA Ltd
9. Mrs. Folake Oshinyemi	Managing Director, Warm Spring Waters Nig. Ltd
10. Mr. Solomon Aigbavboa	Managing Director, MDS Logistics Ltd
11. Miss Susan Mawer	Managing Executive, UAC Restaurants Ltd
12. Mr. Mukhtar Yakasai	Managing Director, Portland Paints & Products Nigeria Plc
13. Mrs. Modupe Asanmo	Managing Director, Livestock Feeds Plc
14. Mr. Godwin Samuel	Company Secretary/Legal Adviser
15. Mr. Tunde Adenekan	Head, Information Technology
16. Mrs. Oluwakemi Ogunnubi	Head, Financial Services
17. Dr. Babatunde Lawal	Head, Medical Services
18. Mrs. Osa Osowa	Head, Human Resources
19. Mrs. Esosa Balogun	Head, Risk & Compliance

Directors' Report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December, 2015.

PROFIT FOR THE YEAR

	2015	2014
	₦'000	₦'000
Group profit for the year	5,181,667	10,938,143

Dividend

The directors have recommended the payment of 100 kobo dividend per ordinary share held.

Activities

UAC of Nigeria Plc is a diversified business with activities in the following principal sectors: Food & Beverages, 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 a charter.

Composition of the Board of Directors

The Board is made up of five Non-Executive and three Executive directors. All the directors have 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 contributions to Board deliberations.

Separation of the positions of Chairman and Managing Director

The position of the Chairman is distinct from that of the Group Managing Director/CEO. During the year, Senator Udoma Udo Udoma, CON was the Non-executive Chairman of the Board for most of the year and was succeeded by Mr Dan Agbor while the Group Managing Director/Chief Executive Officer is Mr Larry Ettah. The Executive Directors are Mr Abdul Bello, the Chief Financial Officer and Mr Joseph Dada, the Executive Director, Corporate Services. Other Non-Executive Directors that served during the year are Mrs Awuneba Ajumogobia (the Independent Director), Dr Okechukwu Enelamah, Dr Umaru Alka, Mr Babatunde Kasali and Dr. Okechukwu Mbonu.

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

Directors' Report

management and conduct of the business.

- b) Formulation and management of risk management framework.
- c) Succession planning and the 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

The process of appointing Directors involves a declaration of a vacancy at a Board Meeting; sourcing of the curriculum vitae of suitable candidates depending on the required skills, competence and experience at any particular time; and the reference of the curriculum vitae to the Governance and Remuneration Committee for necessary background checks, informal interviews/ interaction and a recommendation for approval to the Board of Directors. A Director appointed by the Board is presented to 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 letter of appointment detailing the terms of reference of the Board and its Committees, the Board structure, board plan for current year, his remuneration and demand on his time as a result of the appointment. The letter of appointment is accompanied with the Memorandum and Articles of Association of the Company, the latest Annual Report & Accounts, the Code of Corporate Governance For Public Companies In Nigeria, UACN Code of Business Conduct and other documents, policies, processes and procedures that will help the Director to 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 the members of the Board of Directors and leadership

Directors’ Report

teams of Corporate Centre and Subsidiary Companies. Operational visits are also arranged for the new Director to meet the leadership teams and get acquainted with business operations. Directors attended UAC Group Board Retreat focused on Board Effectiveness, Strategy and recent developments in corporate governance facilitated by faculty from the International Institute for Management Development (IMD), based in Switzerland.

Board Meetings

The Board met seven (7) times during the 2015 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTOR

25/3	29/4	19/8	23/9	26/10	11/11	25/11
------	------	------	------	-------	-------	-------

Senator U U Udoma

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	NLAM

Mr L E Ettah

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Mrs A S Ajumogobia

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Dr U Alka

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Mr A A Bello

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Mr J I Dada

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Dr O E Enelamah

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	AWA	P	P	P	NLAM

Mr B O Kasali

25/3	29/4	19/8	23/9	26/10	11/11	25/11
P	P	P	P	P	P	P

Mr D O Agbor

25/3	29/4	19/8	23/9	26/10	11/11	25/11
NYAM	NYAM	NYAM	NYAM	NYAM	NYAM	P

Dr O J Mbonu

25/3	29/4	19/8	23/9	26/10	11/11	25/11
NYAM	NYAM	NYAM	NYAM	NYAM	NYAM	P

Keys:

P: Present

AWA: Absent With Apology

NLAM: No Longer A member

NYAM: Not Yet A Member

Directors' Report

Board Evaluation

A Board evaluation was undertaken in 2015. The performance of the Board, Board Committees and individual Directors were adjudged satisfactory; and necessary feedback was given to individual Directors arising from the exercise.

Composition of Board Committees

The Board functions through two Board Committees namely, Risk Management Committee and Governance & Remuneration Committee. Board Committees make recommendations for approval by the full Board.

1) The Risk Management Committee

The Committee is chaired by Mrs Awuneba Ajumogobia, a Non-Executive Director and is made up of another non-executive director and the three Executive Directors.

The Terms of Reference of Risk Management Committee

Risk Management

- 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 analysing business level risk.
- vi. Agree and implement risk measurement and reporting standards as well as methodologies.
- vii. Periodically review 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 indicators and 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 that UACN's risk exposures are within the 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, 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.

Directors’ Report

5.5.2 Audit

- i. Review updates on implementation level of internal and external auditors’ 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 the risk management functions discharge their duties.

1.5.3 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.

1.5.4 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 three (3) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTOR	15/4	15/7	14/10
Mrs A S Ajumogobia	p	p	p
Mr B O Kasali	p	p	p
Mr L E Ettah	p	p	p
Mr A A Bello	p	p	p
Mr J I Dada	p	p	p

Key: P: Present

2) The Governance and Remuneration Committee

The Committee was chaired for most of the year by Senator Udoma Udo Udoma CON, a Non-Executive Director and made up of two other non-executive directors. The GMD/CEO attends the meetings of the Committee to present reports and shed light on management’s people management and remuneration proposals.

Terms of Reference of Governance and Remuneration Committee

The following are the terms of reference of the Committee:

Directors' Report

- 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 the Board and the 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 of Corporate Governance
- l) To oversee continuing education of Board members and the induction of new directors.
- m) To make input into the annual report of the Company in respect of director compensation.
- n) To review and make recommendations to the Board for approval on the Company's organisational structure and any proposed amendments.
- o) To review and make recommendations to the Board on the group-wide staff appraisal, salary and compensation.

Committee Meetings

The Committee met twice (2) times in 2015. The following table shows the attendance of Committee members at the meeting:

DIRECTOR	25/3	26/10
Senator U U Udoma	P	P
Dr U Alka	P	P
Dr O E Enelamah	P	P

Key: P: Present

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 meet every month to review business

Directors’ Report

performance, and operational and strategic issues of businesses within the group.

The members of leadership teams of the Corporate Centre and Business Units also attend an annual business retreat to review the performance of the businesses within 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 feedback from the Board on corporate strategy, business direction, performance and expectations.

The list of members of Group Senior Management team is on page 23 of this Annual Report.

Code of Business Conduct

The Company reviewed and refreshed its Code of Business Conduct for employees and other stakeholders during the year. 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 consists 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 appointed 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, PricewaterhouseCoopers, our Independent/External Auditors and Head:as well as the Risk & Compliance Unit of the Company. The Committee operates within the provisions of the Companies and Allied Matters Act Cap C20 Laws of the Federation, 2004, the 2011 Code of Corporate Governance for Public Companies in Nigeria, the Audit Committee Charter and Internal Audit Charter and best practice. The following table shows members’ attendance at the five meetings of the Committee in 2015:

NAME	14/1	23/3	11/6	27/7	29/10
Mr O Fayombo	P	P	P	P	P
Mr M Akinlade	P	P	P	P	P
Mrs A S Ajumogobia	P	P	P	P	P
Mr N K Nnabike	P	P	P	P	P
Mr B O Kasali	P	P	P	P	P
Mr A A Bello	P	P	P	P	NLAM
Dr U Alka		NYAM	NYAM	NYAM	NYAM P

Keys:

P: Present

NLAM: No Longer A Member

NYAM: Not Yet A Member

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, 1990 (‘CAMA’) to:

- a) Ascertain whether the accounting and reporting

Directors' Report

- 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 recommendation 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, the 2011 Code of Corporate Governance also assigns specific responsibilities to the Committee.

Control environment

A group-wide Risk & Compliance Unit is in at Corporate Centre and in all the subsidiary Companies to foster a stronger control environment. The outsourced Internal Audit and Whistle Blowing services to KPMG Professional Services are working effectively and adding great value to the business.

In line with the requirements of the Code of Corporate

Governance in Nigeria, Messrs PricewaterhouseCoopers retired as the Company's External Auditors in the course of the year and were replaced by Ernst & Young. In line with best practice, our Executive Director/Chief Financial Officer who also ceased to be a member of the Audit Committee during the year was replaced by a Non-Executive Director.

Trading in Securities 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. The trading window shall thereafter be opened:

We hereby confirm that no Director traded in the securities of the company within the closed period.

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 senior management, who are also responsible for its implementation and for

Directors' Report

monitoring compliance. The policy has been posted on the Company's website and shall be made available to shareholders of the company at the Annual General Meeting.

General mandate on related party transactions.

The details of the aggregate value of related party transactions conducted pursuant to the general mandate during the financial year are on page 145 of this annual report.

Compliance with the Code of Corporate Governance

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

Directors' Report

Directors' Interest in Ordinary Shares

DIRECTORS	December 2015	December 2014
	Ordinary shares	
Mr D O Agbor	-	-
Senator U U Udoma, CON		
Direct:	1,257,078	1,257,078
Indirect:	23,306,030	23,306,030
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 E Enelamah	108,672	108,672
Dr Umaru Alka	-	-
Mr. Babatunde Kasali	10,000	10,000
Dr O J Mbonu	-	-

Directors' Interest in Contracts

Some of the Directors gave notices for the purposes of Section 277 of the Companies and Matters Act, 1990, to the effect that they are Directors/partners of some specified entities which could be regarded as interested in some contracts with the group during the year under review. Senator Udoma Udo Udoma was a Senior Partner in the law firm of Udo Udoma & Belo-Osagie which rendered legal services to Companies within the group from time to time. Mr Daniel Agbor is also a Partner in the same law firm. Dr Okechukwu Enelamah was the Managing Partner of African Capital Alliance which has a JV relationship with UACN Property Development Company in two projects. Mr Abdul Bello is a Non-Executive Director of Skye Bank PLC, which has

a banking relationship with some Companies within the group. Mr Ettah is a Non-Executive Director of Coronation Merchant Bank Limited which has a banking relationship with some Companies within the group.

Charitable Gifts and Donations

	N
Corporate Social Responsibility	12,182,888
Product sponsorships	11,711,950
Other donations	9,440,500
TOTAL	33,335,338

COMMENTARIES ON SUBSIDIARY COMPANIES



Grand Cereals Limited

2015 was a difficult year for Grand Cereals. Security challenges, political uncertainty, fresh outbreak of bird flu, scarcity of day-old chicks, low purchasing power and increase in cost of raw materials resulted in decline in key performance indicators.

The Company introduced Aqua Boom and Vital Fish Feed Gold to play in the value and premium segments of the fish feed market respectively. Farmers Feed, a new variant of poultry feed, was also launched to exploit the opportunities in the low-end of the poultry feed market.

LIVESTOCK FEEDS PLC



Livestock Feeds PLC

The performance of the company was negatively

Directors' Report

impacted by a challenging operating environment characterized by the security issues in the North-East, scarcity and high cost of raw materials, outbreak of bird flu, incidence of egg-glut, intense competition, among others.

The Business leveraged on synergies within the UAC group to improve operational efficiency. Toll manufacturing made for growth in Northern operations. The newly introduced Aquamax fish feed received favourable market acceptance and is projected to make significant contribution to the business in subsequent years.



UAC Foods Limited

UAC Foods business performance was impacted by a challenging operating environment. Rising input costs and intense competition across all categories caused margin erosion. The Business executed strategies towards improving market share through aggressive retail trade penetration with a positive outlook in the coming year.



UAC Restaurants Limited

2015 was a difficult trading year with UAC Restaurants trading below 2014 and posting a loss. The business is building capability and scale, focusing on manufacturing,

supply chain and operational excellence.

Looking ahead, the Company will leverage on growth opportunities to improve performance.



Chemical & Allied Products PLC

CAP Plc recorded a growth of 1% in turnover over 2014, and 5% growth in operating profit despite the challenges in the economy.

The business expanded its distribution network by opening two Dulux Colour Centres and eight Dulux Colour Shops. The successful modernization of the solvent line production from batch system to in-can tinting solution was a remarkable achievement.



Portland Paints & Products Nigeria PLC

Portland Paints faced a difficult year in 2015, resulting from the downturn in the construction, property and oil & gas sectors. Limited activities on private and public sector building projects affected the sales volume in the year.

The company is repositioning the business for sustainable future growth. The new franchising model adopted by the business is gradually gaining traction with the deployment of Point of Sale Tinting System in the outlets to meet customers' expectations.

Directors' Report



UACN Property Development Company PLC

UPDC's 2015 performance reflected the challenges in the Nigerian economy during the year. The property market was quite soft particularly in markets outside Lagos. Despite the challenging environment, UPDC completed its first retail mall - Festival Mall and trading commenced at the mall in August 2015.

The company impaired her investment in UPDC Hotels Limited to the tune of N2.08b during the year and fully repaid the 2010/15 Bond.



MDS Logistics Limited

MDS Logistics Limited recorded a decline in turnover and profit respectively, partly due to prevalent political uncertainties and macroeconomic headwinds in the year which adversely impacted clients businesses.

The company was however able to expand its service offering with the provision of both stationary and mobile cold chain services and the purchase of 14 new vehicles for the Haulage category, while maintaining its position as the leading provider of outbound supply chain services in the country



Warm Spring Waters Nigeria Limited

Warm Spring Waters Nigeria Limited recorded an improved performance over the previous year. This was achieved through operational efficiencies, resulting from local sourcing of packaging materials and engineering spares as well as out-sourced bottle manufacturing among others.



UNICO CPFA Limited

The Company was able to meet its 2015 targets by maximizing returns on fixed income instruments while controlling administrative expenses. The sharp drop in equity prices and interest on fixed income instruments from the second half of the year had negative impact on all the funds under management. Targeted unit price increase for the active members' fund was not achieved while the pensioners fund was able to recover inflation cost.

Distributors List



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, Km 18/19, 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
2. Japio Stores
3. Nkechi Ekwufolu
4. Kingsley Ugwu
5. Don-Chris Vent
6. Sunny Bros
7. Madonna Foods
8. Ogunkoya Stores
9. Blessing & Wisdom
10. Lakeshad'r Ent



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
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

1. Rondasy ent.



Livestock Feeds

1. Stet Nig. Enterprise Aba, Abia State.
2. Oore-Ofe Farms Oyo, Oyo State.
3. Paspro Farms & Industries Jos, Plateau State
4. Doo-Doo Nig. Enterprises Jos, Plateau State
5. Claokis Martins Agro Venture Warri, Delta State.
6. Daftos Farms Nigeria Limited, Ibadan, Oyo State.
7. Nwabuking Nigeria Enterprises, Port-Harcourt, Rivers State.
8. Okpako Vison Complex Ltd, Ughelli, Delta State.
9. Denajcom Unique Concept, Jos Plateau State
10. Immaculate Farms, Ikorodu, Lagos State .



Grand Cereals Limited

- 1 Phed Agro
- 2 Benita Ventures

Distributors List

- 3 Jehns Enterprises
- 4 Makor Trading Company
- 5 Jeromaski Farms And Haulage Comp
- 6 Favour & Favour Nigeria Limited
- 7 Feeze Nig Ent
- 8 Jeromaski Farms And Haulage Comp
- 9 Aliyyah & Amir
- 10 Tabitha Ibrahim Mrs



MDS LOGISTICS

North-North

- 1 Gombe
- 2 Gusau
- 3 Kaduna 1
- 4 Kaduna 2
- 5 Kano
- 6 Katsina
- 7 Maiduguri
- 8 Sokoto
- 9 Zaria

North- Central

- 10 Abuja
- 11 Bauchi
- 12 Bida
- 13 Jalingo
- 14 Jos 1
- 15 Jos 2
- 16 Lokoja
- 17 Markurdi
- 18 Minna

- 19 Suleja
- 20 Yola

East

- 21 Aba
- 22 Abakaliki
- 23 Calabar
- 24 Enugu
- 25 Onitsha
- 26 Owerri
- 27 Port Harcourt
- 28 Umuahia
- 29 Uyo

West

- 30 Abeokuta
- 31 Abule Egba
- 32 Acme
- 33 Adeniyi Jones
- 34 Ado Ekiti
- 35 Akure
- 36 Apapa
- 37 Benin
- 38 Ibadan
- 39 Ijebu Ode
- 40 Ilorin
- 41 Marina
- 42 Ondo
- 43 Oregun
- 44 Oshogbo
- 45 Oyo
- 46 Sapele
- 47 Warri

Distributors List

Store In Market Locations - 16

Offsite Inventory Locations -51

Total Mds Managed Locations – 114



Warm Springs Waters Nigeria Limited

- | | |
|---|------------------------------|
| 1. Odenu Ventures, Ajah, Lagos | 7 Auchi |
| 2. Flowater Nigeria Limited, Port Harcourt Rivers State | 8 Ikeja Mall |
| 3. Samfelson Oluwaseyi Nig Ventures Ado-Ekiti Ekiti State | 9 Gbagada |
| 4. Ifeyinwa Joy Nwobu (Mrs) Awka Anambra State | 10 Sokoto |
| 5. Biobak Kitchen Garki 2, Abuja | 11 Boladale —Oshodi |
| 6. Sunic Foods Owerri, Imo State. | 12 Sagamu |
| 7. Edvan Nig Ltd, Benin-City Edo State | 13 Abule Egba |
| 8. Tessac Nig. Ltd, Ado-Ekiti, Ekiti State. | 14 Kachia Kaduna |
| 9. Family Pride Sabo, Lagos | 15 Ajao |
| 10. Efakwu Ome Benson Ent. Lokoja, Kogi State | 16 Sangotedo |
| | 17 Wuse 2 Abuja |
| | 18 Oba Akran |
| | 19 New Market Road Onitsha |
| | 20 Rumuibekwe Port- Harcourt |
| | 21 Fegge |
| | 22 Palms |
| | 23 Asaba |
| | 24 Lugbe |
| | 25 Nkpor, Onitsha |
| | 26 Ijebu Ode |
| | 27 Iwo Road |
| | 28 Nnewi, Anambra |
| | 29 Nnewi (Sp) |
| | 30 Jos 3 |
| | 31 Sapele Road Benin |
| | 32 Aggrey Road Phc |
| | 33 Zaria |
| | 34 Azikiwe |
| | 35 Broad Street |
| | 36 Alagbole, Lagos |
| | 37 Factory Road |
| | 38 Jos 2 |



Uac Restaurants Limited

Restaurant

- 1 Jabi Abuja
- 2 Maryland
- 3 Magodo
- 4 Gwarinpa, Abuja
- 5 Agidingbi
- 6 Lekki

Distributors List

restaurants

- 39 Minna
- 40 Kubwa Abuja
- 41 Ring Road
- 42 Garrison, P/H
- 43 Ogudu
- 44 Ikosi-Ketu
- 45 Kaduna
- 46 Gidan Niger Kano
- 47 Bodija, Ibadan
- 48 Ikotun Lagos
- 49 Owerri 4
- 50 Ile-Ife
- 52 Utako
- 53 Kirikiri Road
- 54 Morroco
- 55 Moloney
- 56 Akure
- 57 Jos
- 58 Kebbi
- 60 Fegge
- 61 Akobo
- 62 Okota
- 64 Idiape Ibadan
- 65 Aguda
- 66 Ijebu Igbo (Sp)
- 67 Calabar 1
- 68 Palm Avenue
- 69 Gbagi (Sp)
- 70 Ondo
- 71 Ogba

- 72 Kaduna 5 Camp Road
- 73 Bode Thomas
- 74 Asokoro
- 75 Alapere Ketu
- 76 Iyana Ipaja
- 77 Marina
- 78 Nyanya Abuja
- 79 Azikiwe Road Aba
- 80 Ogbomosho
- 81 Sipeolu, Lagos
- 82 Okpara Avenue Enugu
- 83 Itire
- 84 Isa Kaita Road Kaduna
- 85 Makurdi
- 86 Oregon - Lagos
- 87 Mokola
- 88 Sango-Ota
- 89 Ekwulobia
- 90 Rumuodara
- 91 Garki
- 92 Agbor
- 93 Akure 2
- 94 Tejuosho
- 95 Nysc
- 96 Ikoyi
- 97 Ejigbo, Lagos
- 98 Ughelli
- 99 Ijeshatedo
- 100 Ebute Metta
- 101 Akoka, Bariga
- 102 Ajah, Lagos
- 103 Samaru (Sp)

Distributors List



104 Mile 12
105 Mmia
106 Apkapkava
107 Owerri 2
108 Kano li
109 Mafoluku, Lagos Beesam
110 Ikorodu 2
111 Abakiliki, Ebonyi
112 Ogba 123, Agege
113 Wuse Zone 3
114 Ilupeju
115 Awka
116 Ogwuach1- Uku
117 Maraba
118 Akowonjo
119 Abeokuta, Ogun
120 Yaba
121 Nsukka
122 Owerri 3
123 Ilorin 1
124 Cement (Sp)
125 Maiduguri
126 Bauchi
127 College Rd (Sp)
128 Jibowu, Lagos
129 Lafia
130 Umauahia 1
131 Elemenwo
132 Karu
133 Ijeshatedo (Sp)

134 Oyo (Sp)
135 Suleja
136 Iyana Ejigbo (Sp)
137 Agbani
138 Ugbowo Benin City 2
140 Toyin, Lagos
143 Ahmadu Bello
144 Dugbe
145 Osogbo
146 Oando Maraba (Sp)
147 Barnawa
148 Oju Ore (Sp)
149 Iwo Road (Sp)
150 Warehouse Rd
151 Abuja Airport
152 Zoo Road, Kano
153 Gusau
154 Usman Danfodio
155 Akoka (Sp)
156 Wimpey
157 Gombe
158 Jibowu (Sp)

Human Resources Report

EMPLOYMENT POLICY, EMPLOYEE WELFARE, HEALTH AND SAFETY

Our company is a signatory to the principles of UN Global Compact of environmental sustainability and business practices. Our business policies and practices are aligned with the principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption. It is the policy of the Company that there is 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 stated 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 family, as applicable under the Company Medical Scheme;
- Recognizing the freedom of employees to form and /or join a responsible and truly representative Trade

Union or Association;

HEALTH AND SAFETY

It is our policy to ensure that employees work in a 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 trainings and Fire Drills are regularly organised to keep employees 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.

HIV/AIDS

Our company works to ensure a safe healthy working environment by providing basic HIV/AIDS training to inform, educate and train all employees about 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 individual are kept as strictly confidential. As much as possible care is taken to support such individuals by providing counselling and medical support services.

WELFARE

The company provides heavily subsidised canteen services to staff in various parts of the country to ensure

Human Resources Report

the health and vitality of the employees. Recreational facilities have also been made available in some locations. Employees are continually briefed on health issues and how to take care of themselves. In addition free medical care is provided for all employees, voluntary health screening exercises are also provided for employees on an ongoing basis.

We pursue a number of programmes to ensure that our employees enjoy work-life balance. Employees are obliged to strictly observe their annual vacation when it becomes due. The company believes this will provide them opportunity to refresh and be re-invigorated to perform better. Work is organised to enable employees of the company work within the official business hours to enable them catch up with their social life and family obligations. The compassionate leave normally granted bereaved employees' has been extended to include one week paternity leave for male employees whose wives are delivered of babies.

Our Close User Group phone facility has been extended to cover Managers' spouses to ensure continuous reach between our employees and their spouse even while they are on duty. Crèche and gym facilities are provided at central locations for our employees' use to promote a healthy family life.

RELATIONS WITH EMPLOYEES, INTERNAL MANAGEMENT STRUCTURE

Our employees are fully involved in strategy formulation and execution. To ensure business plan ownership

and commitment at all levels. Regular meetings are held at different levels to ensure that all employees are given the opportunity to interact with each other and with different levels of management for exchange of ideas and critical business information. One of such fora includes the recently introduced Board Retreat which provides opportunity for a cross section of Senior Managers of the company to meet and interact with the Board of Directors on various topical business imperatives. Others include the Annual UACN Business Retreat (made up of the Executive Management Team of the Corporate Centre, Business Unit heads and some of their Leadership Team members), Joint Consultative Committees (JCCs), Business Review Meetings; Open Forum/ Community Briefings/ Family meetings and Leadership Team (LT) meetings in the various Business Units and the Corporate Centre.

We also have in place counselling sessions between Executive Management and different categories of employees; these sessions allow for management to proactively engage talents with a view to promoting employee involvement and retention. Circulars on matters of current relevance for employee information and /or action are regularly issued. This is supported with a Coaching & Mentoring program.

EMPLOYEE INVOLVEMENT, DEVELOPMENT AND TRAINING

Our policy recognises human resources as the most important asset of the organisation. We find it therefore, imperative to retain and motivate a competent and

Human Resources Report

productive work force through systematic training and development. Consequently, training forms part of individuals' development towards achieving excellence in the performance of their day to day activities. Our training programme consist of custom internal programmes complemented by choice training of other notable organisations in Nigeria and overseas and accompanied by industrial visits/attachments where necessary. We also encourage self-development by our employees and provide financial support for such programmes. 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 being introduced in collaboration with our Joint Venture Partners in the areas of their strength or functional expertise. This initiative which commenced with the Supply Chain Academy programme will help in enhancing employee development and operational excellence.

In order to continuously rejuvenate the organisation through the injection of new employees, we recently introduced a Graduate Specialist Scheme in addition to the existing Management Trainee Scheme. This new scheme is targeted at attracting young talents from the universities and polytechnics. These talents will be groomed to become functional experts in line with their career preferences and aspirations.

EMPLOYEE ENGAGEMENT INITIATIVE

Our Company, having recognised that engaged employees drive stakeholder value, has partnered 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 get feedback from employees while benchmarking UAC workplace practices against its peers and Global Best Companies. This has informed management development effort, alignment of policies and practices geared towards making UAC a Great Place to Work and an employer of choice.

CODE OF BUSINESS CONDUCT

We have reviewed and updated our 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 criticised 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.

Human Resources Report

A whistle blowing policy has also been put in place to encourage employees at all levels to alert and inform management of any negative development that might impinge on the value, performance and/or image of the company before any harm is done. To further strengthen this process, the company outsourced the management of the whistle-blowing mechanism to a professional services company thereby providing employees and other stakeholders an alternative to the existing established internal mechanism.

Similarly a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the company. It is our intention to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

All employees are required to read and sign off on the UACN Code of Business Conduct annually as an attestation to their obligation to abide by its contents in their day to day business transactions.

Corporate Social Responsibility Report

Goodness League, the Corporate Social Responsibility initiative of UAC of Nigeria PLC (UAC) 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 and fills the gaps through a volunteer scheme of appropriate career and guidance talks, counselling sessions, holiday classes and mentoring.

The Free Weekend Classes, kicked off in Lagos successfully in August 2015, with UAC managers as volunteer teachers providing free teaching classes to students in Lagos State. The programme was held at the two centres — Lanre Awolokun Senior Secondary School, Gbagada and Newland Senior Secondary School, Ajegunle in the Ajeromi/Ifelodun Local Government Area. The location of the Free-weekend Classes in Ajegunle offered learning opportunity for the teeming students' population in this densely populated area of Lagos State. The subjects taught during the Free Weekend classes included Career Guidance and Counselling, English, Mathematics, Biology, Chemistry, Physics, Economics and Accounts.

The Free Weekend Classes focus on two key areas — Weekend Classes and Career & Guidance counselling sessions in Schools. The Classes are targeted at final year senior secondary school (SSS3) students and hold 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.

UAC's intervention through the Legacy Schools Support programme has been a resounding success with 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

SCHOOL

1. St Finbarr's College, Akoka, Lagos
2. CMS Grammar School, Bariga, Lagos
3. Rumfa College, Kano
4. Govt. Sec. School, Gwale, Kano
5. Alhudahuda College, Zaria
6. Govt. College, Kaduna
7. Enitonna High School, Port Harcourt
8. Holy Family College, Abak, Akwa Ibom
9. Holy Trinity College, Mbiakong, Akwa Ibom State
10. Govt. College, Gindiri, Plateau State
11. Govt. College, Keffi, Nassarawa State
12. St Mount Gabriel's Sec School, Makurdi
13. Govt. College, Bida
14. College of The Immaculate Conception, Enugu
15. Dennis Memorial Grammar School, Onitsha
16. Christ The King College, Onitsha
17. Bishop Shanahan College, Orlu
18. Methodist Boys College, Uzuakoli

INTERVENTION

150 KVA Power Generator & Physics Laboratory equipment
Comprehensive renovation of abandoned Technical block
Science Equipment - Physics, Chemistry & Biology
200 three seater desks
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Sets of computers, printers and UPS
Comprehensive renovation of dormitory block and refectory
Science Equipment - Physics, Chemistry & Biology
200 three seater desks
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology
Science Equipment - Physics, Chemistry & Biology

PHARMACEUTICAL LOGISTICS AT ITS BEST



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Financial Statements

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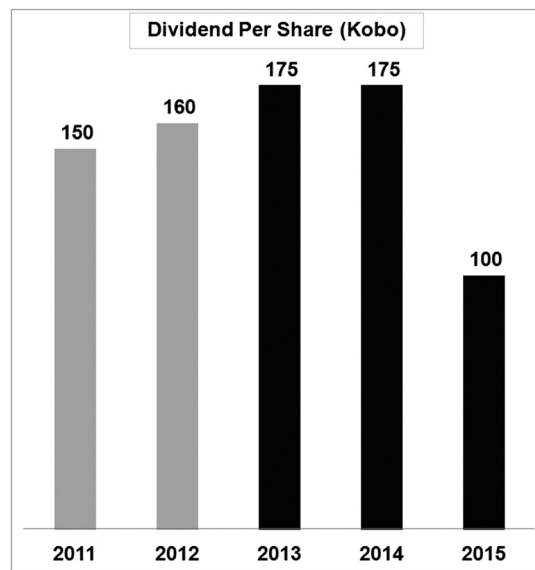
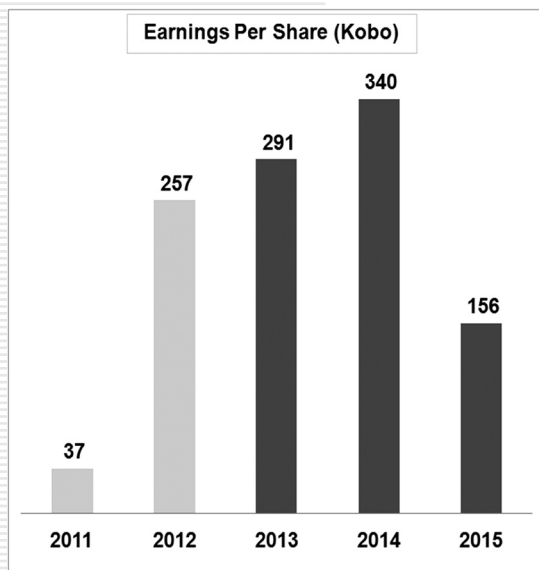
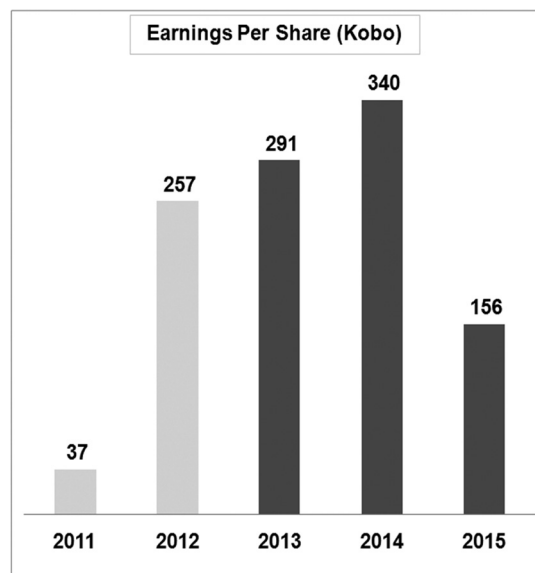
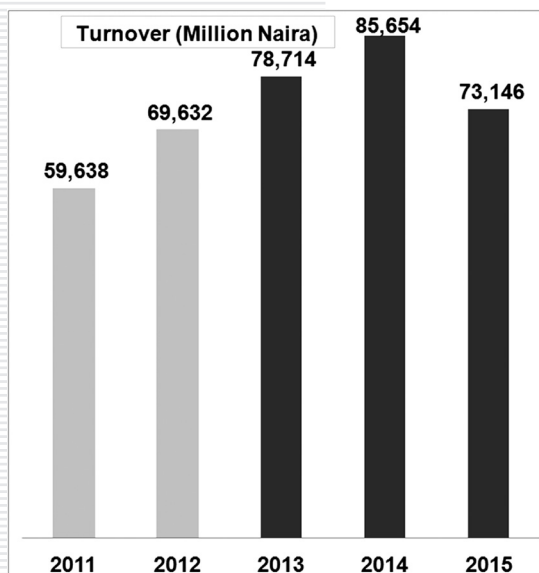
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Salient Performance Graphs



Report of the Independent Auditor



Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of UAC of Nigeria Plc (the Company) and its subsidiaries (together, the Group). These financial statements comprise the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these 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 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 free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimated, if any, made by the Directors, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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


Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of UAC of Nigeria Plc and its subsidiaries as at 31 December 2015 and of its financial performance and 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 Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria of 2004.

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:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- II. In our opinion, proper books of account have been kept by the Group, so far as appears from our explanation of those books; and
- III. The Group's consolidated and separate statement of financial position and consolidated and separate 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
31 March 2016.



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

In compliance with Section 359 subsection 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, 2015 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 23rd day of March, 2016

MEMBERS OF THE COMMITTEE

Mr. Olabisi Fayombo

-

Chairman

Mr. Mathew Akinlade

-

Member

Mr. Nwosu Nnabike

-

"

Mrs. Awuneba Ajumogobia

-

"

Mr. Babatunde Kasali

-

"

Dr. Umaru Alka

-

"

SECRETARY

GODWIN A. SAMUEL, Esq.,



Members of Audit Committee

From left to right: Mr. Olabisi Fayombo, Dr. Umaru Alka, Mrs. Awuneba Ajumogobia, Mr. Matthew Akinlade, Mr. Nwosu Nnabike, Mr. Babs Kasali

Financial Highlights

	Group			Company		
	2015 ₦'000	2014 ₦'000	% change	2015 ₦'000	2014 ₦'000	% change
Revenue	73,145,987	85,654,346	(15)	820,655	928,853	(12)
Operating profit	7,607,493	12,393,749	(39)	2,683,904	3,941,102	(32)
Net finance (cost) / income	(1,451,110)	(1,275,775)	14	1,478,066	1,400,306	6
Share of net profit of associates and joint venture using the equity method	1,787,461	2,978,959	(40)	-	-	-
Profit before tax from continuing operations	7,943,844	14,096,932	(44)	4,161,970	5,341,407	(22)
Income Tax Expense	(2,796,891)	(3,366,172)	(17)	(658,608)	(1,028,043)	(36)
Profit after tax for the year from continuing operations	5,146,953	10,730,761	(52)	3,503,362	4,313,364	(19)
Profit after tax for the year from discontinued operations	37,718	214,034	(82)	-	-	-
Profit for the year	5,184,671	10,944,795	(53)	3,503,362	4,313,364	(19)
Other comprehensive income for the year net of tax	(3,004)	(6,652)	(55)	-	-	-
Total comprehensive income for the year net of tax	5,181,667	10,938,143	(53)	3,503,362	4,313,364	(19)
Total Equity	74,142,024	75,077,731	(1)	21,585,089	21,443,239	1
Total equity and liabilities	128,655,328	130,360,660	(1)	27,572,156	26,474,320	4
Cash and cash equivalents	7,374,776	5,832,403	26	3,431,237	2,855,113	20
Earnings per share (kobo) - Basic	156	340		182	225	
Dividend per share (kobo) - Proposed	100	175		100	175	
Proposed bonus	1 for 5	1 for 5				
NSE quotation as at December 31 (kobo)	1,875	3,400		1,875	3,400	
Number of shares in issue ('000)	1,920,864	1,920,864		1,920,864	1,920,864	
Market capitalisation as at December 31 (₦'000)	36,016,200	65,309,376		36,016,200	65,309,376	



Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December 2015

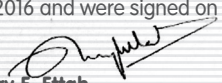
		The Group		The Company	
	Notes	31 Dec 15 N'000	31 Dec 14 N'000	31 Dec 15 N'000	31 Dec 14 N'000
Continuing Operations					
Revenue	5	73,145,987	85,654,346	820,655	928,853
Cost of sales		(56,580,958)	(66,471,835)	-	-
Gross profit		16,565,029	19,182,511	820,655	928,853
Dividends Income		-	-	3,216,353	3,534,170
Other gains	6	1,959,361	3,463,931	343,324	1,028,207
Selling and distribution expenses	7	(3,318,702)	(3,628,749)	-	-
Administrative expenses	7	(6,881,927)	(6,550,832)	(1,515,180)	(1,479,006)
Other Losses	6(i)	(716,268)	(73,112)	(181,249)	(71,124)
Operating profit		7,607,493	12,393,749	2,683,904	3,941,102
Finance income	8	1,566,466	1,745,060	1,478,066	1,400,306
Finance cost	8	(3,017,576)	(3,020,835)	-	-
Net finance (cost) / income		(1,451,110)	(1,275,775)	1,478,066	1,400,306
Share of net profit of associates and joint venture	16(i)	1,787,461	2,978,959	-	-
Profit before tax from continuing operations		7,943,844	14,096,932	4,161,970	5,341,407
Income Tax Expense	9	(2,796,891)	(3,366,172)	(658,608)	(1,028,043)
Profit after tax for the year from continuing operations		5,146,953	10,730,761	3,503,362	4,313,364
Discontinued operations					
Profit after tax for the year from discontinued operations	32	37,718	214,034	-	-
Profit for the year		5,184,671	10,944,795	3,503,362	4,313,364
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net changes in fair value of available-for-sale financial assets	15(ii)	(3,004)	(6,652)	-	-
Tax on other comprehensive income	-	-	-	-	-
Other comprehensive income for the year net of tax		(3,004)	(6,652)	-	-
Total comprehensive income for the year net of tax		5,181,667	10,938,143	3,503,362	4,313,364
Profit attributable to:					
Equity holders of the parent		2,996,779	6,536,269	3,503,362	4,313,364
Noncontrolling interests		2,187,892	4,408,526	-	-
Total		5,184,671	10,944,795	3,503,362	4,313,364
Total comprehensive income attributable to:					
Equity holders of the parent		2,995,247	6,529,617	3,503,362	4,313,364
Non-controlling interests		2,186,420	4,408,526	-	-
Total		5,181,667	10,938,143	3,503,362	4,313,364
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in Naira per share):					
Basic Earnings Per Share					
From continuing operations	11	154	329	182	225
From discontinued operations	11	2	11	-	-
From profit for the year		156	340	182	225
Diluted Earnings Per Share					
From continuing operations	11	154	329	182	225
From discontinued operations	11	2	11	-	-
From profit for the year		156	340	182	225

Consolidated and Separate Statement of Financial Position

As at 31st December 2015

	Notes	The Group		The Company	
		31 Dec 15 R'000	31 Dec 14 R'000	31 Dec 15 R'000	31 Dec 14 R'000
Assets					
Non-current assets					
Property, plant and equipment	12	35,439,239	36,612,882	858,249	851,680
Intangible assets and goodwill	13	1,862,646	1,842,452	78,982	108,595
Investment property	14	20,035,327	19,924,421	2,984,600	3,198,600
Investments in associates and joint ventures	16	21,207,867	19,100,575	-	-
Available-for-sale financial assets	15(i)	9,308	12,312	1,001	1,001
Investments in subsidiaries	15	-	-	11,641,051	11,641,051
Prepayment	19	10,789	25,032	-	-
Deferred tax asset	26	203,290	202,610	-	-
		78,768,466	77,720,285	15,563,883	15,800,927
Current assets					
Inventories	17	25,283,076	27,766,675	4,668	3,423
Trade and other receivables	19	14,593,840	15,950,023	8,572,367	7,814,857
Cash and Cash equivalents (excluding bank overdrafts)	20	9,183,402	7,956,717	3,431,237	2,855,113
		49,060,318	51,673,415	12,008,273	10,673,393
Assets of disposal group classified as held for sale	32	826,544	966,961	-	-
Total assets		128,655,328	130,360,660	27,572,156	26,474,320
Liabilities					
Non-current liabilities					
Borrowings	21	8,125,644	7,737,406	-	-
Deferred tax liabilities	26	5,048,083	5,558,941	212,433	-
Deferred revenue	23	15,751	214,085	-	-
Provisions	25	133,600	132,065	42,043	39,967
		13,323,078	13,642,498	254,476	39,967
Current liabilities					
Trade and other payables	22	14,941,485	13,961,492	629,248	908,270
Current income tax liabilities	9	4,735,539	4,477,945	2,277,742	2,057,834
Bank overdrafts and current portion of borrowings	21	17,522,548	20,557,739	-	-
Dividend payable	24	3,574,697	2,379,061	2,759,611	1,932,251
Deferred revenue	23	307,361	92,759	65,991	92,759
		41,081,630	41,468,996	5,732,591	4,991,114
Liabilities of disposal group classified as held for sale	32	108,597	171,435	-	-
Total liabilities		54,513,304	55,282,929	5,987,067	5,031,081
Equity					
Ordinary share capital	27	960,432	960,432	960,432	960,432
Share premium	27	3,934,536	3,934,536	3,934,536	3,934,536
Contingency reserve	27	28,575	28,575	-	-
Available-for-sale reserve		(5,504)	(3,792)	-	-
Retained earnings		39,670,420	40,048,438	16,690,122	16,548,272
Equity attributable to equity holders of the Company		44,588,460	44,968,190	21,585,089	21,443,239
Non controlling interests		29,553,564	30,109,541	-	-
Total equity		74,142,024	75,077,731	21,585,089	21,443,239
Total equity and liabilities		128,655,328	130,360,660	27,572,156	26,474,320

The financial statements and the notes on pages 62 to 158 were approved and authorised before issue by the board of directors on 30 March, 2016 and were signed on its behalf by:


Mr. Larry E. Ettah

GMD/CEO
FRC/2013/IODN/00000002692


Mr. Abdul A. Bello

ED/CFO
FRC/2013/ICAN/0000000724

Consolidated Statement of Changes in Equity

for the year ended 31st December 2015

The Group

	Notes	Attributable to owners of the Company						Non controlling Interest N'000	Total N'000
		Share Capital N'000	Share Premium N'000	Contingency reserve N'000	Available for sale Reserve N'000	Retained Earnings N'000	Total N'000		
Balance at 1 January 2014		960,432	3,934,536	28,575	-	37,974,039	42,897,582	29,339,596	72,237,178
as per published financial									
Adjustment to correct loan previously		-	-	-	-	(787,100)	(787,100)	-	(787,100)
written off - Warm Springs water									
Adjustment to changes in opening									
balances of retained earnings									
of subsidiaries		-	-	-	-	(564,277)	(564,277)	-	(564,277)
Balance at 1 January 2014		960,432	3,934,536	28,575	-	36,622,662	41,546,205	29,339,596	70,885,801
Profit for the year		-	-	-	-	6,536,269	6,536,269	4,408,526	10,944,795
Net changes in fair value of									
available-for-sale financial assets	15(i)	-	-	-	(3,792)	-	(3,792)	(2,860)	(6,652)
Transactions with Equity holders									
Dividend paid	10	-	-	-	-	(3,361,512)	(3,361,512)	(3,148,811)	(6,510,323)
Transactions with NCI									
Change in NCI share of net assets of									
Portland Paints due to sale of									
shares to UACN		-	-	-	-	251,020	251,020	(486,910)	(235,890)
Balance at 31 December 2014		960,432	3,934,536	28,575	(3,792)	40,048,438	44,968,190	30,109,541	75,077,731
Balance at 1 January 2015		960,432	3,934,536	28,575	(3,792)	40,048,438	44,968,190	30,109,541	75,077,731
Profit for the year		-	-	-	-	2,996,779	2,996,779	2,186,420	5,183,199
Net changes in fair value of available									
-for-sale financial assets	15(i)	-	-	-	(1,712)	-	(1,712)	(1,292)	(3,004)
Transactions with Equity holders									
Dividend paid	10	-	-	-	-	(3,361,512)	(3,361,512)	(2,733,930)	(6,095,441)
Prior year adjustment									
- Grand Cereals Limited		-	-	-	-	(13,285)	(13,285)	(7,176)	(20,461)
Balance at 31 December 2015		960,432	3,934,536	28,575	(5,504)	39,670,420	44,588,460	29,553,564	74,142,024

Separate Statement of Changes in Equity

for the year ended 31st December 2015

The Company

	Notes	Attributable to owners of the Company			TOTAL N'000
		Share Capital N'000	Share Premium N'000	Retained Earnings N'000	
Balance at 1 January 2014		960,432	3,934,536	15,596,419	20,491,387
Profit for the year		-	-	4,313,364	4,313,364
Transactions with Equity holders					
Dividend paid	10	-	-	(3,361,512)	(3,361,512)
Balance at 31 December 2014		960,432	3,934,536	16,548,271	21,443,239
Balance at 1 January 2015		960,432	3,934,536	16,548,271	21,443,239
Profit for the year		-	-	3,503,362	3,503,362
Transactions with Equity holders					
Dividend paid	10	-	-	(3,361,512)	(3,361,512)
Balance at 31 December 2015		960,432	3,934,536	16,690,121	21,585,089

Consolidated statement of Cash Flow

for the year ended 31st December 2015

	Notes	The Group		The Company	
		31 Dec 15 N'000	31 Dec 14 N'000	31 Dec 15 N'000	31 Dec 14 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	28	14,400,118	8,132,233	280,739	(2,932,738)
Corporate tax paid	9	(2,391,298)	(1,831,318)	(1,053,162)	(2,074)
VAT paid		(555,566)	(940,850)	(45,596)	(27,011)
Interest paid		(3,020,616)	(3,020,835)	-	-
Net cash flow generated from/ (used in) operating activities		8,432,638	2,339,231	(818,018)	(2,961,823)
Cash flows from investing activities					
Interest received		1,566,466	1,745,060	1,478,066	1,400,306
Dividend received		-	-	3,216,353	3,534,170
Purchase of Intangible assets		(174,077)	(278,487)	(5,354)	(600)
Purchase of property, plant and equipment		(1,808,693)	(3,028,604)	(182,022)	(127,043)
Proceeds from sale of property, plant and equipment		311,848	145,779	11,169	3,496
Purchase of investment properties		(54,377)	(78,017)	(784)	(650)
Proceeds from sale of investment properties		276,365	1,589,657	35,000	399,500
Income Distribution from UPDC REIT		1,216,034	929,700	-	-
Recovery of previously impaired loan		130,000	29,831	130,000	29,831
Guaranty fees received		-	-	-	56,184
Payment for shares acquired-Portland Paints Plc		-	(235,891)	-	(235,891)
Warranty claim on Investment - PPPNP		73,225	-	73,225	-
Liquidation distribution from GMNL		-	315,000	-	315,000
Net cash generated from investing activities		1,536,790	1,134,027	4,755,653	5,374,303
Cash flows from financing activities					
Dividends paid to non controlling interests		(2,733,930)	(3,148,811)	-	-
Dividends paid to Company shareholders		(3,361,512)	(3,361,512)	(3,361,512)	(3,361,512)
Proceeds from borrowings		388,237	1,827,727	-	-
(Decrease)/Increase in commercial papers		(2,719,502)	3,070,367	-	-
Net cash flow used in financing activities		(8,426,706)	(1,612,230)	3,361,512)	(3,361,512)
Net increase/(decrease) in cash & cash equivalents		1,542,722	1,861,029	576,123	(949,032)
Cash & cash equivalents at the beginning of the year		5,832,403	3,970,904	2,855,113	3,804,144
Effects of exchange rate changes on cash and cash equivalents.		(349)	469	-	-
Cash & cash equivalents at the end of the year	20(ii)	7,374,776	5,832,403	3,431,237	2,855,113

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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 2015 were authorised for issue in accordance with a resolution of the Board of directors on 28 January 2016. UAC of Nigeria Plc. (the Company or the parent) is a limited liability 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 & Beverages, 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 adopted by the group

The group has applied the following IFRS and interpretations that have been issued and effective from 1 January, 2015. These are as follows:

- i) Amendments to IAS 19: Defined Benefit Plan: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. This amendment clarifies that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment did not have a significant effect on the group financial statements.
- ii) Amendments to IFRS 2, Share based payment - definitions of vesting conditions
The amendment defines performance condition and service condition to clarify various issues, including the following:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
 - A performance target may relate to the operations of activities of an entity, or to those of another entity in the same group
 - A performance condition may be a market or non-market condition
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment did not have a significant effect on the group financial statements.
- iii) Amendments to IFRS 3 Business Combinations- accounting for contingent consideration in a business combination. This amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9. The amendment is applied prospectively and will impact future business combinations subject to contingent consideration.
- iv) Amendments to IFRS 8 - Operating Segments
 - reconciliation of the total of the reportable segments' assets to the entity's assets. The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of the operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendment did not have a significant effect on the group financial statements.
- v) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The amendment did not have a significant effect on the group financial statements.
- vi) Amendments to IAS 24 Related-Party Disclosures. The amendment is applied retrospectively and clarifies that a management entity is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment did not have a significant effect on the group financial statements.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2015 and have not been applied in preparing these consolidated financial statements. The list of these standards are as follows:

- IFRS 9, Financial Instruments - Effective 1 January 201

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

- IFRS 15, Revenue from Contracts with Customers - Effective 1 January 2018
- Amendments to IFRS 11, Joint Arrangements: Accounting for Acquisitions of Interests - Effective 1 January 2016
- Amendments to IAS 16, and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation - Effective 1 January 2016
- Amendments to IAS 27, Equity Method in Separate Financial Statements - Effective 1 January 2016
- IFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of Disposal - Effective 1 January 2016
- IFRS 7, Financial Instruments: Disclosure - Servicing Contracts - Effective 1 January 2016
- IFRS 7, Financial Instruments: Disclosure - Applicability of the offsetting disclosures to condensed interim financial statements - Effective 1 January 2016
- IAS 19, Employee Benefits - Discount rate: regional market issue - Effective 1 January 2016
- IAS 34, Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report - Effective 1 January 2016

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

- i) IFRS 9, Financial instruments addressed the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July, 2014. It replaces the guidance in IAS 39 that relates to the classification

and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instrument are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirement for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instruments and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IFRS 9. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

- ii) IFRS 15, Revenue from contracts with customers deals with revenue recognition and establishes

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are yet effective that would be expected to have a material impact on the Group.

iii) Joint Arrangement

The group applies IFRS 11 to all joint arrangements, under IFRS 11 investments that are joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interest that form part of the group's net investment in the joint ventures); the group does not recognize further losses, unless it has incurred obligations or made payments on

behalf of the joint ventures.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provided evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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.

(a) Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gain or loss arising from such remeasurement are recognised or as a change to other comprehensive income through 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.

(b) 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.

(c) 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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.

(d) 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.

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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 (₦), 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 income statement within Other (losses) / gains -net

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

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for the year ended 31st December 2015

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:

Freehold buildings	Up to 99 years
Leasehold buildings	Lease terms vary from 5 to 25 years
Heavy industrial plants	5 to 10 years
Furniture and office Equipments	3 to 5 years
Light industrial plants	2 to 5 years
Heavy vehicles	7 to 10 years
Light vehicles	4 to 6 years
Computer equipments	3 to 5 years

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).

The gain or loss arising on the disposal of an asset is determined as the difference between the sales

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

proceeds and the carrying amount of the asset and is recognised within Other (losses) / gains in the 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, 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

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for the year ended 31st December 2015

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 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 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 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

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experts. Each property is valued by an external valuer annually.

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. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

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 costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for

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for the year ended 31st December 2015

possible reversal of the impairment at each reporting date.

2.9 Non-current assets (or disposal groups) held for sale

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resell

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

2.10 Financial assets

2.10.1 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

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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.

2.10.2 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 group 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.

Changes in the fair value of assets classified as fair value through profit or loss are recognised in profit or loss.

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.

2.11 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 offset 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 counterparty.

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2.12 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.

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for the year ended 31st December 2015

2.13 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.

2.14 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.

2.15 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cash flows, 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.

2.16 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.

2.17 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.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take 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.

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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.

2.19 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.

2.20 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.

2.21 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

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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.

2.22 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.

(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

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that has created a constructive obligation.

2.23 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 specifies 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 beverages

Revenue arising from the sale of food and beverages represents sales of food items, livestock feeds, bottled water, fruit juices, ice-cream and Quick Service Restaurants.

Revenue for the sale of food and beverages 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 services or conditions relating to the sale have been substantially performed or satisfied by the Franchisee.

(e) Paint

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.

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(f) 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

(g) 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.

(h) Dividend income

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

2.24 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.

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

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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.

2.25 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.

2.26 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.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk

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management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Working with an external consultant, the Group is currently developing a risk management framework. At present, risk management functions are carried out by the individual business units.

(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. Letters of credit are issued by the business units to the foreign suppliers for the direct purchase of materials. Other materials are purchased through local importers in Naira.

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

GROUP

	31 December 2015				
	Naira ₦'000	USD ₦'000	GBP ₦'000	Others ₦'000	Total ₦'000
Financial assets					
Available for sale investments	9,308	-	-	-	9,308
Trade and other receivables	11,267,902	-	-	-	11,267,902
Cash and short-term deposits	9,125,225	58,160	3	14	9,183,402
	20,402,435	58,160	3	14	20,460,612
Financial liabilities					
Long term borrowings	8,125,644	-	-	-	8,125,644
Commercial papers	15,713,922	-	-	-	15,713,922
Trade and other payables	13,922,406	-	-	-	13,922,406
Bank overdrafts	1,808,626	-	-	-	1,808,626
	39,570,597	-	-	-	39,570,597

GROUP

	31 December 2014				
	Naira ₦'000	USD ₦'000	GBP ₦'000	Others ₦'000	Total ₦'000
Financial assets					
Available for sale investments	12,312	-	-	-	12,312
Trade and other receivables	13,077,892	9,958	-	-	13,087,849
Cash and short-term deposits	7,936,412	15,461	1,866	2,978	7,956,717
	21,026,616	25,418	1,866	2,978	21,056,878
Financial liabilities					
Long term borrowings	7,737,406	-	-	-	7,737,406
Commercial papers	18,433,424	-	-	-	18,433,424
Trade and other payables	12,690,672	-	-	-	12,690,672
Bank overdrafts	2,124,314	-	-	-	2,124,314
	40,985,816	-	-	-	40,985,816

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GROUP

	31-Dec-15 ₦'000	31-Dec-14 ₦'000
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	3,933	6,979
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(3,933)	(6,979)

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.

COMPANY

	31 December 2015				
	Naira ₦'000	USD ₦'000	GBP ₦'000	Others ₦'000	Total ₦'000
Financial assets					
Available for sale investments	1,001	-	-	-	1,001
Trade and other receivables	8,213,788	-	-	-	8,213,788
Cash and short-term deposits	3,390,928	40,293	2	14	3,431,237
	11,605,717	40,293	2	14	11,646,026
Financial liabilities					
Trade and other payables	629,248	-	-	-	629,248
	629,248	-	-	-	629,248

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COMPANY

	31 December 2014				
	Naira ₦'000	USD ₦'000	GBP ₦'000	Other ₦'000	Total ₦'000
Financial assets					
Available for sale investments	1,001	-	-	-	1,001
Trade and other receivables	7,752,146	-	-	-	7,752,146
Cash and short-term deposits	2,834,421	18,302	2,390	-	2,855,113
	10,587,568	18,302	2,390	-	10,608,260
Financial liabilities					
Trade and other payables	908,270	-	-	-	908,270
	908,270	-	-	-	908,270

COMPANY

	31-Dec-15 ₦'000	31-Dec-14 ₦'000
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	2,060	2,644
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(2,060)	(2,644)

(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, these exposures are limited and the group has sold all of the fair value through profit or loss investments by 31 December 2015.

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 quality and to ensure that sufficient quantities are produced 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, imports action are undertaken. Sensitivity to price is immaterial

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(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. Borrowings issued at fixed rates expose the group to fair value interest rate risk. 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 2015

GROUP	Weighted average %	Interest bearing		Non-interest bearing ₹'000
		Variable rate ₹'000	Fixed rate ₹'000	
Financial assets				
Available for sale investments		-	-	9,308
Trade and other receivables		-	-	11,267,902
Cash and bank balances		-	-	1,379,000
Short-term deposits	15.57	-	7,804,402	
		-	7,804,402	12,656,210
Financial liabilities				
Long term borrowings	11	-	23,839,565	-
Trade and other payables		-	-	13,922,406
Bank overdrafts	16.05	1,808,626		
		1,808,626	23,839,565	13,922,406

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for the year ended 31st December 2015

31 December 2014

GROUP	Weighted average	Interest bearing		Non-interest bearing
		Variable rate	Fixed rate	
Financial assets				
Available for sale investments		-	-	12,312
Trade and other receivables		-	-	13,087,849
Cash and bank balances		-	-	568,000
Short-term deposits	13.4	-	7,388,717	-
		-	7,388,717	13,668,162
Financial liabilities				
Borrowings	11	-	26,170,830	-
Trade and other payables		-	-	12,690,672
Bank overdrafts	15.5		2,124,314	-
		2,124,314	26,170,830	12,690,672

31 December 2015

Company	Weighted average	Interest bearing		Non-interest bearing
		Variable rate	Fixed rate	
Financial assets				
Available for sale investments		-	-	1,001
Trade and other receivables		-	-	8,213,788
Cash and bank balances		-	-	22,000
Short-term deposits	13.2	-	3,409,237	-
		-	3,409,237	8,236,789
Financial liabilities				
Trade and other payables		-	-	629,248
		-	-	629,248

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

31 December 2014

Company	Weighted average	Interest bearing		Non-interest bearing
		Variable rate	Fixed rate	
Financial assets				
Available for sale investments		-	-	1,001
Trade and other receivables		-	-	7,752,146
Cash and bank balances		-	-	15,301
Short-term deposits	13.7	-	2,839,812	-
		-	2,839,812	7,768,448
Financial liabilities				
Borrowings		-	-	-
Trade and other payables		-	-	908,270
		-	-	908,270

	Group	
	31 Dec 15	31 Dec 14
A 3% increase in interest rates would have the following impact on profit and equity.	(54,259)	(63,729)
	Company	
	31 Dec 15	31 Dec 14
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% in 2015.

(b) Credit risk

Credit risk is monitored on a Group basis, however it is managed on a 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

For banks and financial institutions, the Group utilises institutions that have manageable reputational risk but do 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

GROUP

31 December 2015

	Total gross amount	Neither past due nor impaired	Past due but not impaired	impaired
Trade receivables	5,375,563	1,072,306	2,530,095	1,759,127
Other receivables	7,642,520	7,642,520	-	-
Cash and bank balances	1,379,000	1,379,000	-	-
Short term deposits	7,804,402	7,804,402	-	-
	22,201,485	17,898,228	2,530,095	1,759,127

GROUP

31 December 2014

	Total gross amount	Neither past due nor impaired	Past due but not impaired	impaired
Trade receivables	5,722,055	1,144,411	2,460,484	2,117,161
Other receivables	2,977,885	2,977,885	-	-
Cash and bank balances	568,000	568,000	-	-
Short term deposits	7,388,717	7,388,717	-	-
	16,656,657	12,079,013	2,460,484	2,117,161

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

COMPANY

31 December 2015

	Total gross amount	Neither past due nor impaired	Past due but not Impaired	impaired
Trade receivables	-	-	-	-
Receivables from Group companies	7,792,449	7,792,449	-	-
Other receivables	421,339	421,339	-	-
Cash and bank balances	22,000	22,000	-	-
Short term deposits	3,409,237	3,409,237	-	-
	11,645,025	11,645,025	-	-

COMPANY

31 December 2014

	Total gross amount	Neither past due nor impaired	Past due but not Impaired	impaired
Trade receivables	-	-	-	-
Receivables from Group companies	7,109,561	7,109,561	-	-
Other receivables	499,203	499,203	-	-
Cash and bank balances	15,301	15,301	-	-
Short term deposits	2,839,812	2,839,812	-	-
	10,463,877	10,463,877	-	-

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

	GROUP		COMPANY	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Counter parties without external credit ratings				
Trade receivables				
Group 1	417,067	417,067	-	-
Group 2	195,204	195,204	-	-
Group 3	532,140	532,140	-	-
	1,144,411	1,144,411	-	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Intergroup balances

Group 1	-	-	-	-
Group 2	-	-	7,792,449	7,109,561
Group 3	-	-	-	-
	-	-	7,792,449	7,109,561

Cash and short term deposits

Group 1	2,908,402	2,581,213	31,237	675,113
Group 2	-	-	-	-
Group 3	-	-	-	-
	2,908,402	2,581,213	31,237	675,113

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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.

Counterparties with external credit ratings	GROUP		COMPANY	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Cash and Short term deposits				
AAA	30,000	1,119,606	-	300,000
AA-	320,000	985,683	-	-
A+	-	1,138,234	-	400,000
AA	-	191,746	-	-
A	2,082,000	-	1,492,000	-
A-	708,000	560,412	708,000	550,000
BBB+	150,000	179,102	-	-
BBB	2,985,000	854,418	1,200,000	610,000
BBB-	-	345,893	-	320,000.0
B+	-	410	-	-
B	-	-	-	-
B-	-	-	-	-
CCC	-	-	-	-
	6,275,000	5,375,504	3,400,000	2,180,000

External ratings were based on ratings according to Fitch Rating and Augusto & Co.

The Directors have assessed that there are no increased risk 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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

	GROUP		COMPANY	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Trade receivables				
Past due by 1-30 days	2,150,044	1,971,472	-	-
Past due by 31-60 days	380,051	489,012	-	-
	2,530,095	2,460,484	-	-

Details of the impaired assets are as follows:

	GROUP		COMPANY	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Trade receivables				
Past due by 1-60 days	-	-	-	-
Past due by 61-180 days	1,231,389	1,482,012	-	-
Past due > 180 days	527,738	635,148	-	-
	1,759,127	2,117,161	-	-

Reconciliation of the allowance for impairment:

	GROUP		COMPANY	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Trade receivables				
At 1 January	1,680,892	810,891	-	-
Allowance for receivables impairment	69,289	870,000	-	-
At 31 December	1,750,181	1,680,892	-	-

(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 21 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. The group is finalising new policies on cash reserves and liquidity.

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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

At 31 December 2015	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Borrowings (excluding finance lease liabilities)	-	15,713,922	8,125,644	-
Trade and other payables	13,922,406	-	-	-
Bank overdrafts	-	1,808,626	-	-
	13,922,406	17,522,548	8,125,644	-

GROUP

At 31 December 2014	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Borrowings (excluding finance lease liabilities)	-	18,433,424	7,737,406	-
Trade and other payables	12,690,672	-	-	-
Bank overdrafts	-	2,124,314	-	-
	12,690,672	20,557,739	7,737,406	-

COMPANY

At 31 December 2015	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Trade and other payables	629,248	-	-	-
Bank overdrafts	-	-	-	-
	629,248	-	-	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

COMPANY

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
At 31 December 2014				
Borrowings (excluding finance lease liabilities)	-	-	-	-
Finance lease liabilities	-	-	-	-
Liabilities associated with non-current assets held for sale	-	-	-	-
Trade and other payables	908,270	-	-	-
	908,270	-	-	-

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 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.

	2015	2014
Interest bearing debt	25,648,191	28,295,145
Total equity	74,142,024	75,077,731
Total capital	99,790,215	103,372,876
Gearing ratio	0.35	0.38

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

3.3 Fair value estimation

Financial instruments are normally held by the group until they close out in the normal course of business. The fair values of the group's financial instruments approximate their carrying values. The maturity profile of short term liabilities fall due within 12 months. The maturity profile of long-term liabilities, are as disclosed in note 21 of these annual financial statements.

Long-term and 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 below table)

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

GROUP

		31 Dec 15			31 Dec 14	
	Fair Value Hierarchy	Carrying value	Fair value	Fair Value Hierarchy	Carrying value	Fair value
Assets						
Trade receivables	3	3,625,382	3,625,382	3	4,041,164	4,041,164
Receivables from Group companies	-	-	-	-		
Cash and short-term deposits		9,183,402	9,183,402		7,956,717	7,956,717
		12,808,784	12,808,784		11,997,881	11,997,881
Liabilities						
Borrowings	3	8,125,644	8,125,644	3	7,737,406	7,737,406
Bank overdrafts and current portion of borrowings	3	17,522,548	17,522,548	3	20,557,739	20,557,739
Trade payables	3	5,948,741	5,948,741	3	5,751,243	5,751,243
		31,596,933	31,596,933		34,046,387	34,046,387

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Fair value estimation continued

Company

		31 Dec 15			31 Dec 14	
	Fair Value Hierarchy	Carrying value	Fair value	Fair Value Hierarchy	Carrying value	Fair value
Assets						
Available-for-sale financial assets carried at cost less impairment	1	1,001	1,001	1	1,001	1,001
Receivables from Group companies	3	7,792,449	7,792,449	3	7,109,561	7,109,561
Cash and short-term deposits		3,431,237	3,431,237		2,855,113	2,855,113
		11,224,687	11,224,687		9,965,675	9,965,675
Liabilities						
Trade payables	-	-	-	-	-	-
	-	-	-	-	-	-

3.4 Financial instruments by category

Group

	31 Dec 2015		
	Available for sale	Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	9,308	-	-
Trade and other receivables	-	11,267,902	-
Cash and short-term deposits	-	9,183,402	-
	9,308	20,451,304	-
Financial liabilities			
Long term borrowings	-	-	8,125,644
Current portion of long term borrowings	-	-	15,713,922
Trade and other payables	-	-	13,922,406
Bank overdrafts	-	-	1,808,626
	-	-	39,570,597

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Group	Available for sale	31 Dec 2014 Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	12,312	-	-
Trade and other receivables	-	13,087,849	-
Cash and short-term deposits	-	7,956,717	-
	12,312	21,044,566	-
Financial liabilities			
Long term borrowings	-	-	7,737,406
Current portion of long term borrowings	-	-	18,433,424
Trade and other payables	-	-	12,690,672
Bank overdrafts	-	-	2,124,314
	-	-	40,985,816
Company			
	Available for sale	31-Dec-15 Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	1,001	-	-
Trade and other receivables	-	8,213,788	-
Cash and short-term deposits	-	3,431,237	-
	1,001	11,645,025	-
Financial liabilities			
Trade and other payables	-	-	629,248
	-	-	629,248

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Company

	Available for sale	31-Dec-14 Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	1,001	-	-
Trade and other receivables	-	7,752,146	-
Cash and short-term deposits	-	2,855,113	-
	1,001	10,607,259	-
Financial liabilities			
Trade and other payables	-	-	908,270
	-	-	908,270

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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, less cost of disposal. 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

4.2 Significant judgements

a) Consolidation of UAC 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

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

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 all the 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.

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 N10 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 N26.7 billion, 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

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for the year ended 31st December 2015

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

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

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 sales 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 sales 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 and management and owners of Golden Tulip Hotels, Festac, Lagos.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

	Food and Beverages N'000	Paints N'000	Logistics N'000	Real Estate N'000	Others N'000	Total N'000
31 December 2015						
Total Revenue	55,211,984	9,225,356	4,860,350	5,120,932	1,032,439	75,451,061
Intergroup revenue	(850,552)	(55,751)	(574,997)	(163,181)	(660,593)	(2,305,074)
Revenue to third parties	54,361,431	9,169,606	4,285,353	4,957,751	371,846	73,145,987
Operating profit	4,720,045	2,129,919	901,038	331,035	(474,544)	7,607,493
Depreciation and amortisation	(1,317,421)	(323,474)	(306,699)	(358,109)	(189,351)	(2,495,055)
Impairment on Property, Plant & Equipment	(25,341)	-	(473,000)	-	(498,341)	
Finance Income	238,949	212,809	-	607,981	506,727	1,566,466
Finance cost	(634,853)	(78,343)	-	(2,304,381)	-	(3,017,576)
Taxation	(1,314,692)	(805,079)	(334,235)	324,926	(667,811)	(2,796,891)
Profit before tax	3,621,410	2,237,511	1,025,550	55,851	1,003,521	7,943,844
Share of profit of associates and joint venture	-	-	1,787,461	-	1,787,461	
Property, plant and equipment	16,958,862	1,255,241	3,724,555	12,630,875	869,706	35,439,239
Net assets	17,330,830	2,137,608	4,904,932	35,574,169	14,194,484	74,142,024

	Food and Beverages N'000	Paints N'000	Logistics N'000	Real Estate N'000	Others N'000	Total N'000
31 December 2014						
Total Revenue	60,090,855	9,785,769	4,835,656	11,700,506	1,134,460	87,547,246
Intergroup revenue	(230,279)	(7,759)	(573,173)	(171,766)	(909,924)	(1,892,900)
Revenue to third parties	59,860,577	9,778,010	4,262,483	11,528,740	224,536	85,654,346
Operating profit	5,566,674	2,498,557	1,345,306	2,497,067	486,145	12,393,749
Depreciation and amortisation	(1,384,843)	(379,105)	(224,274)	(553,504)	(217,508)	(2,759,234)
Impairment on Property, Plant & Equipment	(11,309)	(26,054)	-	-	(37,363)	
Finance Income	122,989	138,905	19,272	721,787	742,108	1,745,060
Finance cost	(1,052,201)	(90,560)	(151,660)	(1,053,128)	(673,286)	(3,020,835)
Taxation	(1,006,316)	(827,140)	(526,050)	40,431	(1,047,096)	(3,366,172)
Profit before tax	4,637,462	2,546,901	1,500,684	3,540,523	1,871,363	14,096,933
Share of profit of associates and joint venture	-	-	2,978,959	-	2,978,959	
Property, plant and equipment	17,697,284	1,264,946	3,364,634	13,415,919	870,098	36,612,882
Net assets	18,397,026	2,103,405	5,054,016	36,044,646	13,478,639	75,077,731

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Entity wide information

Analysis of revenue by category:

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Sale of goods	68,488,788	81,391,863
Revenue from services	4,657,199	4,262,483
	73,145,987	85,654,346

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Nigeria	73,118,795	85,646,546
Ivory Coast	27,192	7,800
	73,145,987	85,654,346

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%.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

6. Other Gains

	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Dividend on GM liquidation	-	-	-	219,240
Warranty claim on Investment - PPPNP	73,225	-	73,225	-
Profit on sale of Property, Plant and Equipment	170,053	36,789	-	132
Net fair value gain on investment properties	252,678	2,503,533	-	475,270
Recovery of previously impaired loan	130,000	29,831	130,000	29,831
Government grant*	228,520	81,027	-	-
Other trading income	1,104,885	812,751	140,100	303,734
Total other Gains	1,959,361	3,463,931	343,324	1,028,207

*Government grant

The government grant of N229 million (2014 : N81 million) 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.

6(i). Other Losses

	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Impairment of UPDC Hotel's Property, Plant & Equipment	(473,000)	-	-	-
Loss on sale of Property, Plant and Equipment	(6,120)	(1,988)	(1,465)	-
Loss on sales of Investment Property	(57,365)	(71,124)	-	(71,124)
Net fair value loss on investment properties	(179,784)	-	(179,784)	-
Total other Losses	(716,268)	(73,112)	(181,249)	(71,124)

Impairment of UPDC Hotel's Property, Plant & Equipment

The Property Plant & Equipment of UPDC Hotels were professionally fair valued in the 3rd quarter of 2015 resulting in an impairment loss of N473 million.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

7 (a) . Expenses by nature

	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Changes in inventories of finished goods and work in progress	49,015,439	57,667,250	-	-
Write off of inventories to net realisable value	-	19,581	-	-
Personnel expenses	7,397,013	8,029,275	706,371	729,960
Depreciation	2,348,533	2,628,833	160,259	151,791
Amortisation of intangibles	146,522	130,402	34,967	25,024
Impairment of Property, Plant and Equipment	498,341	37,363	-	-
Allowance for receivables impairment	69,289	870,000	-	-
Royalty fees	101,362	99,368	-	-
Rents & Rates	413,576	395,098	17,413	7,521
Electricity & power	876,273	922,243	41,867	94,520
Vehicles repairs, maintenance & fueling	1,269,997	1,289,455	4,837	3,576
Other repairs & maintenance	809,487	871,570	47,347	10,835
Auditors' remuneration	184,635	220,968	23,000	27,473
Information Technology	273,013	210,085	24,660	29,021
Legal expenses	151,592	113,406	20,931	34,997
Donations & Subscriptions	43,841	47,263	14,942	8,712
Insurance	148,535	152,848	9,952	10,477
Back duty	145,744	-	145,744	-
Distribution expenses	667,090	620,684	-	-
Marketing, Advertising & Communication	1,177,646	1,244,333	29,304	68,901
Sundry office expenses	1,043,659	1,081,394	233,588	276,197
	66,781,587	76,651,416	1,515,180	1,479,006

7(b). Expenses by function

Analysed as:

Cost of sales	56,580,958	66,471,835	-	-
Selling and distribution expenses	3,318,702	3,628,749	-	-
Administrative expenses	6,881,927	6,550,832	1,515,180	1,479,006
	66,781,587	76,651,416	1,515,180	1,479,006

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Personnel expenses include:				
Wages, salaries and other short term benefits for staff and managers	6,580,451	7,131,975	501,372	582,366
Directors' emoluments	305,309	393,458	132,681	127,553
Post employment benefits:				
- Defined contribution plans	511,254	503,842	72,318	20,041
	7,397,013	8,029,275	706,371	729,960

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	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Costs				
Key management personnel:				
Wages, salaries and other short term benefits	265,531	288,227	55,450	65,541
Post employment benefits:				
- Defined contribution plans	511,254	503,842	72,318	20,041
Total for key management personnel	776,784	792,069	127,768	85,583
Other management personnel	4,169,543	4,577,047	265,379	320,693
Staff	2,450,687	2,660,160	313,224	323,685
Total	7,397,014	8,029,275	706,371	729,960

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

The Group

	2015	2014
Numbers	Number	Number
Key management personnel	26	26
Other management personnel	738	754
Staff	1,523	1,643
Total	2,287	2,423
	₦'000	₦'000
Average cost per staff	3,234	3,314

(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.

=N=	2015	2014
	Number	Number
100001 - 300000	22	117
300001 - 500000	183	219
500001 - 700000	369	369
700001 - 900000	629	626
900001 - 1100000	205	208
1100001 - 1300000	232	204
1300001 - 1500000	110	121
1500001 and Above	537	559
	2,287	2,423

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

	2015	2014
	₦'000	₦'000
(iii) Emoluments of directors		
Fees	4,250	4,250
Other emoluments	128,431	123,303
	132,681	127,553
(iv) The Chairman's emolument.	14,455	14,168
(v) Emolument of the highest paid Director.	35,614	35,086

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

=N=	2015	2014
	Number	Number
100001 - 15000000	5	5
15000001 and above	3	3

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

8. Net finance income/(cost)

	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Interest income on short-term bank deposits	1,563,496	1,742,672	1,478,066	1,400,306
Interest income on finance lease assets	2,970	2,388	-	-
Finance Income	1,566,466	1,745,060	1,478,066	1,400,306
Interest payable on bank loans	2,332,467	2,944,034	-	-
Interest payable on finance leases	-	4,580	-	-
Interest payable on bank overdraft	478,065	17,813	-	-
Interest on unwinding of discount	3,040	(2,086)	-	-
Government grant	204,005	56,494	-	-
Finance Costs	3,017,576	3,020,835	-	-
Net finance (cost) / income	(1,451,110)	(1,275,775)	1,478,066	1,400,306

9. Taxation

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Current tax				
Nigeria corporation tax charge for the year	2,383,153	2,931,293	1,248,591	1,008,454
Education tax	184,253	205,206	24,482	19,520
Capital gains tax	51,039	384,270	-	70
Total current tax charge	2,618,445	3,520,769	1,273,073	1,028,043
Deferred tax				
Temporary differences, origination and reversal	178,446	(154,597)	(614,465)	-
Total deferred tax (note 26)	178,446	(154,597)	(614,465)	-
Income tax expense	2,796,891	3,366,172	658,608	1,028,043

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Nigeria corporation tax is calculated at 30% (2014: 30%) of the taxable assessable profit for the year.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Profit before tax	7,943,844	14,096,932	4,161,970	5,341,407
Tax at the Nigerian Corporation tax rate of 30% (2014: 30%)	2,383,153	4,229,080	1,248,591	1,602,422
Education tax	184,253	205,206	24,482	19,520
Capital gains tax	51,039	384,270	-	70
Back duty tax	731,071	-	202,804	-
Utilization of previously unrecognized tax credits	(770,331)	(2,726,528)	(817,269)	(1,565,778)
Minimum tax adjustment	187,257	1,260,032	-	993,997
Deferred tax relating to prior periods	30,449	14,112	-	(22,258)
Tax charge for the year	2,796,891	3,366,172	658,608	1,028,043

Reconciliation of the tax payable account	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Opening balance	4,477,945	2,774,382	2,057,834	1,054,122
Prior year under/(over) provision	30,449	14,112	-	(22,258)
Tax expense	2,618,445	3,520,769	1,273,073	1,028,043
Paid during the period	(2,391,298)	(1,831,318)	(1,053,162)	(2,074)
	4,735,542	4,477,945	2,277,745	2,057,834

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

10. Dividend The Company

	2015 N'000	2014 N'000
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 December 2014 paid in 2015 (2014: Final 2013 dividend paid in 2014)	3,361,512	3,361,512
Weighted average number of shares	1,920,864,000	1,920,864,000
Dividends per share (kobo per share)	175	175

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	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Profit attributable to ordinary equity shareholders:				
Profit from continuing operations	2,959,061	6,315,583	3,503,362	4,313,364
Profit from discontinued operations	37,718	214,034	-	-
	2,996,779	6,529,617	3,503,362	4,313,364
Basic earnings per share				
From continuing operations	154	329	182	225
From discontinued operations	2	11	-	-
From profit for the year	156	340	182	225
Diluted earnings per share				
From continuing operations	154	329	182	225
From discontinued operations	2	11	-	-
From profit for the year	156	340	182	225

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

The Company

	2015 Number	2014 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 calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has no dilutive instruments.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

12. Property, plant and equipment

The Group Cost	Leasehold land and buildings R'000	Plant and Machinery R'000	Computer Equipment R'000	Motor Vehicles R'000	Office Furniture R'000	Capital Work in progress R'000	Total R'000
At 1 January 2014	24,765,114	15,880,752	-	4,508,810	2,843,861	3,281,730	51,280,266
Additions	297,025	543,808	43,255	216,350	58,158	1,870,009	3,028,604
Disposals	(1,533,668)	(225,931)	(10,687)	(166,870)	(76,402)	(3,982)	(2,017,541)
Transfers	-	16,134	165	(23,809)	4,500	(20,945)	(23,956)
Write Off*	(3,525)	(244,513)	(1,380)	(84,755)	(10,013)	-	(344,185)
Reclassifications	423,363	1,217,717	500,659	223,370	(13,573)	(2,351,535)	-
Other reclassifications	121,639	498,010	(1,125)	40,646	(70,022)	(208,931)	380,217
At 31 December 2014	24,069,948	17,685,977	530,886	4,713,741	2,736,508	2,566,345	52,303,405
At 1 January 2015	24,069,948	17,685,977	530,886	4,713,741	2,736,508	2,566,345	52,303,405
Additions	83,516	223,173	85,929	288,011	80,955	1,047,110	1,808,693
Disposals	-	(455,805)	(17,599)	(768,833)	(90,420)	(3,735)	(1,336,392)
Transfers	-	3,238	(475)	(2,169)	8,019	(8,397)	216
Write Off*	-	(1,413)	(1,609)	(206)	-	-	(3,228)
Reclassifications	743,408	(54,993)	373,198	201,304	(86,139)	(1,176,779)	-
Other reclassifications**	-	285	533	5,510	210	-	6,537
At 31 December 2015	24,896,872	17,400,461	970,862	4,437,359	2,649,132	2,424,544	52,779,231
Accumulated depreciation and impairment							
At 1 January 2014	2,463,247	6,403,347	-	3,162,707	1,985,493.91	-	14,014,795
Charge for the year	485,817	1,403,779	51,635	467,230	220,371	-	2,628,833
Impairment charge	-	-	-	(37,363)	-	-	(37,363)
Disposals	(340)	(161,613)	(10,482)	(187,694)	(12,765)	-	(372,894)
Transfers	-	(18,863)	18,844	47,248	(60,537)	-	(13,308)
Write Off	(96,527)	(196,002)	(1,380)	(55,905)	(9,997)	-	(359,810)
Reclassifications	-	(116,010)	278,951	(147,011)	(15,930)	-	-
Other reclassifications	(105,920)	(29,199)	(1,125)	36,196	(69,680)	-	(169,728)
At 31 December 2014	2,746,276	7,285,441	336,444	3,285,408	2,036,956	-	15,690,524
At 1 January 2015	2,746,276	7,285,441	336,444	3,285,408	2,036,956	-	15,690,524
Charge for the year	365,122	1,125,741	85,430	473,022	299,218	-	2,348,533
Impairment charge	453,173	37,233	12	117	7,806	-	498,341
Disposals	-	(449,359)	(16,641)	(651,596)	(79,494)	-	(1,197,090)
Transfers	-	-	(474)	(2,081)	-	-	(2,555)
Write Off	-	-	(24)	(21)	-	-	(45)
Reclassifications	194,474	(268,226)	210,394	(10,686)	(125,955)	-	-
Other reclassifications	(863)	77	433	2,466	171	-	2,284
At 31 December 2015	3,758,181	7,730,907	615,575	3,096,628	2,138,701	-	17,339,992
Net book values:							
At 31 December 2015	21,138,692	9,669,554	355,287	1,340,730	510,431	2,424,544	35,439,239
At 31 December 2014	21,323,672	10,400,536	194,442	1,428,334	699,552	2,566,345	36,612,882

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

**Other reclassifications are assets that were transferred to other class of asset due to change in the use. Also, cost relating to SAP ERP implementation accumulated in PPE was transferred to intangible asset in the year.

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

Notes to the Consolidated and Separate Financial Statements

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12 (i) Property, plant and equipment

The Company	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
Cost							
At 1 January 2014	736,993	738,420	-	211,611	128,954	18,133	1,834,111
Additions	-	57,545	6,327	62,542	630	-	127,043
Disposals	-	(8,600)	-	(16,000)	-	-	(24,600)
Transfers	-	(312)	-	(19,719)	-	-	(20,031)
Write Off	-	(137,647)	-	-	(8,247)	-	(145,893)
Reclassifications	-	(42,351)	60,485	-	-	(18,133)	-
Other reclassifications	(123,618)	(19,791)	-	-	-	-	(143,409)
Adjustments	(96,526)	(42,113)	-	-	(68,337)	-	(206,976)
At 31 December 2014	516,850	545,151	66,811	238,434	53,000	-	1,420,245
At 1 January 2015	516,850	545,151	66,811	238,434	53,000	-	1,420,245
Additions	25,480	-	42,402	92,775	3,482	17,884	182,022
Disposals	-	(3,720)	-	(87,498)	(127)	-	(91,344)
Transfers*	-	-	(475)	(4,640)	-	-	(5,115)
Reclassifications**	-	(307,673)	290,296	-	17,378	-	-
At 31 December 2015	542,329	233,758	399,034	239,070	73,733	17,884	1,505,808
Accumulated depreciation and impairment							
At 1 January 2014	249,814	401,625	-	110,735	120,997	-	883,171
Charge for the year	15,117	86,583	-	43,699	3,566	-	148,965
Disposals	-	(7,730)	2,825	(14,400)	-	-	(19,304)
Transfers	-	(66)	-	(11,841)	-	-	(11,907)
Write Off	-	(137,647)	-	-	(8,247)	-	(145,893)
Reclassifications	-	(38,004)	-	-	-	-	(38,004)
Other reclassifications	(44,526)	(34,971)	-	-	-	-	(79,498)
Adjustments	(96,526)	(42,105)	38,004	-	(68,337)	-	(168,965)
At 31 December 2014	123,879	227,684	40,829	128,193	47,980	-	568,565
At 1 January 2014	123,879	227,684	40,829	128,193	47,980	-	568,565
Charge for the year	13,417	72,570	25,238	46,773	2,260	-	160,259
Disposals	-	(2,384)	-	(76,222)	(103)	-	(78,710)
Transfers*	-	-	(474)	(2,081)	-	-	(2,555)
Reclassifications**	-	(153,157)	142,442	-	10,715	-	-
At 31 December 2015	137,296	144,713	208,036	96,662	60,851	-	647,558
Net book values							
At 31 December 2015	405,033	89,045	190,999	142,407	12,881	17,884	858,250
At 31 December 2014	392,971	317,467	25,982	110,241	5,021	-	851,680

*Transfers relate to the value of assets transferred to subsidiaries.

**Reclassifications relate to transfers out of Plant and Machinery to Computer Equipment and Furniture & Fittings.

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

13. Intangible assets and goodwill

	Group Brands &			Company		
Cost	Goodwill N'000	Trade Marks N'000	Software N'000	Total N'000	Software N'000	Total N'000
At 1 January 2014	548,747	1,070,185	423,941	2,042,873	-	-
Additions - externally acquired during the year	-	-	278,487	278,487	600	600
Transfer from PPE	-	-	203,360	203,360	167,990	167,990
At 31 December 2014	548,747	1,070,185	905,788	2,524,720	168,590	168,590
At 1 January 2015	548,747	1,070,185	905,788	2,524,720	168,590	168,590
Additions - externally acquired during the year	-	-	174,077	174,077	5,354	5,354
Transfer to PPE	-	-	(7,362)	(7,362)	-	-
At 31 December 2015	548,747	1,070,185	1,072,503	2,691,435	173,944	173,944
Accumulated amortisation and impairment						
At 31 December 2014	-	288,439	225,997	514,437	-	-
Amortisation for the year	-	-	130,402	130,402	25,024	25,024
Transfer from PPE	-	-	37,429	37,429	34,971	34,971
At 31 December 2014	-	288,439	393,828	682,268	59,995	59,995
At 1 January 2015	-	288,439	393,828	682,268	59,995	59,995
Amortisation for the year	-	-	146,522	146,522	34,967	34,967
At 31 December 2015	-	288,439	540,350	828,789	94,962	94,962
Net book values						
At 31 December 2015	548,747	781,746	532,153	1,862,646	78,982	78,982
At 31 December 2014	548,747	781,746	511,960	1,842,452	108,595	108,595

Impairment Test for Goodwill

Goodwill acquired through business combinations is allocated to each of the Cash-Generating Units (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 units.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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

	Opening	Addition	Disposal	Other Impairment	Adjustments	Closing
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
2015						
Livestock Feeds	573,480	-	-	-	-	573,480
Portland Paints	339,042	-	-	-	-	339,042

	Opening	Addition	Disposal	Other Impairment	Adjustments	Closing
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
2014						
Livestock Feeds	573,480	-	-	-	-	573,480
Portland Paints	497,892	-	-	-	(158,850)	339,042

The company performed its annual impairment test on November 29 2015. 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 2015, the market capitalisation of the Company was above the book value of its equity.

Livestock Feeds CGU

The recoverable amount of Livestock Feeds CGU, N2.298 billion as at 31 December 2015 was 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 13.81%. 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 an average of 16% for the years 2016 — 2020 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 2015.

Portland Paints CGU

The recoverable amount of Portland Paints CGU, N2.639 billion as at 31 December 2015, has been determined

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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 13.17%. The discount rate was estimated based on time value of money considerations as well as risk specific to the cash flows. The revenue growth rate used in the cash flow projection was an average of 15% for the years 2016 — 2020 and 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 2015.

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

Gross margin growth rates - Gross margin 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. 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 Paint CGU.

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 15.0% and 18.0% (i.e. +1.19% and +4.83%) in Livestock Feeds CGU and Portland Paint CGU respectively would result in impairment.

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Growth rate estimates- Subjective estimates based on Market trends

Management recognizes 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 4% 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 amortized 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 2015 and no impairment was deemed required.

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14. Investment property

14. Investment property	The Group			The Company	
	Freehold building	Leasehold building	Total investment properties	Leasehold building	Total investment properties
Fair value	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2014	690,766	17,711,698	18,402,464	2,889,857	2,889,857
Additions during the year	18,132	59,885	78,017	650	650
Reclassifications	-	530,064	530,064	232,323	232,323
Disposals	-	(1,589,657)	(1,589,657)	(399,500)	(399,500)
Net gain from fair value adjustments on investment property	-	2,503,533	2,503,533	475,270	475,270
At 31 December 2014	708,898	19,215,524	19,924,422	3,198,600	3,198,600
At 1 January 2015	708,898	19,215,524	19,924,422	3,198,600	3,198,600
Additions during the year	-	54,377	54,377	784	784
Reclassification from property stocks held as inventories (Note 18)	-	260,000	260,000	-	-
Disposals	-	(276,365)	(276,365)	(35,000)	(35,000)
Net gain from fair value adjustments on investment property	11,837	61,056	72,893	(179,784)	(179,784)
At 31 December 2015	720,735	19,314,592	20,035,327	2,984,600	2,984,600

Fair value of investment properties is categorised as follows:

categorised as follows:		The Group		The Company	
			Total		Total
	Freehold building	Leasehold building	investment properties	Leasehold building	investment properties
31-Dec-15	₦'000	₦'000	₦'000	₦'000	₦'000
External valuation	720,735	19,314,592	20,035,327	2,984,600	2,984,600
	720,735	19,314,592	20,035,327	2,984,600	2,984,600

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Fair value of investment properties is categorised as follows:

	The Group			The Company		
	Freehold building	Leasehold building	Total investment properties	Freehold building	Leasehold building	Total investment properties
31-Dec-14	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
External valuation	708,898	19,215,524	19,924,422	-	3,198,600	3,198,600
	708,898	19,215,524	19,924,422	-	3,198,600	3,198,600

The Group's investment properties were revalued at 31 December 2015 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 UAC Property Development Company Plc who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

Rental income schedule	The Group		The Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	₦'000	₦'000	₦'000	₦'000
Rental income derived from investment properties	608,676	651,832	78,405	76,234
Direct operating expenses (including repairs and maintenance) generating rental income	(67,022)	(68,120)	(19,322)	(17,520)
Profit arising from investment properties carried at fair value	541,654	583,712	59,083	58,714

Operating lease commitments - Group and Company as lessors

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

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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 31 December are, as follows :

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
0-1 year	391,000	389,000	59,000	58,000
1-5 years	771,000	767,000	116,000	115,000
Above 5 years	270,000	269,000	41,000	40,000
Total	1,432,000	1,425,000	216,000	213,000

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15. Investments in subsidiaries

Company

	2015 ₦'000	2014 ₦'000
Opening balance	11,641,051	11,500,920
Additions - Additional 13.71% acquisition in Portland Paints	-	235,891
Disposals - General Motors	-	(95,760)
Closing Balance	11,641,051	11,641,051

	2015 ₦'000	2014 ₦'000	2015 % ownership	2014 % ownership
Quoted shares:				
Chemical and Allied Products Plc 350,652,700 ordinary shares of 50k each	114,461	114,461	50.18	50.18
UACN Property Development Company Plc 790,625,000,000 ordinary shares of 50k each	2,222,209	2,222,209	46.00	46.00
Livestock Feeds Plc 1,020,100,000 ordinary shares of 50k each	1,304,372	1,304,372	51.00	51.00
Portland Paints Plc 258,837,400 ordinary shares of 50k each	1,159,424	1,159,424	64.70	64.70
Unquoted shares:				
Warm Spring Waters Nigeria Limited 447,214,457 ordinary shares of ₦1 each	46,475	46,475	75.94	75.94
Grand Cereals Limited 876,555,000 ordinary shares of ₦1 each	2,247,333	2,247,333	64.93	64.93
UNICO CPFA Limited 130,005,000 ordinary shares of ₦1 each	130,000	130,000	86.67	86.67
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
	11,641,050	11,641,050		

Investments in subsidiaries are measured at cost (See Note 2.2)

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15(i) Available for Sale financial assets

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

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Opening Balance as at 1 January	12,312	18,964	1,001	1,001
Fair value Loss on available-for-sale financial assets	(3,004)	(6,652)	-	-
	9,308	12,312	1,001	1,001

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

16. Investments in associates and equity accounted joint ventures

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
UPDC's Investment in UPDC REIT	19,109,799	18,538,372	-	-
UPDC Metro City Limited	244,170	244,170	-	-
First Festival Mall Limited	234,427	234,427	-	-
James Pinnock JV	1,535,865	-	-	-
Transit Village Dev. Co. Ltd	83,606	83,606	-	-
At 31 December	21,207,867	19,100,575	-	-

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 2015, the fair value of each unit holder's contribution is N10.

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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 ₦'000	Current assets ₦'000	Non current liabilities ₦'000	Current liabilities ₦'000	Cash & Cash Equivalent ₦'000	Net Asset ₦'000	Carrying value ₦'000	Interest held %
31 Dec 2015									
UPDC REITS	Nigeria	25,003,035	7,489,357	1,754,718	64,460	2,799,647	30,923,416	19,084,705	61.5%
Metrocity Ltd (JV)	Nigeria	9,648,564	21,087	-	6,956,658	21,087	2,712,993	244,170	60%
First Festival Mall Limited	Nigeria	8,545,169	357,850	-	5,430,020	184,702	3,472,999	234,427	45%
James Pinnock Pinnacle Apartment Dev. Limited	Nigeria	2,450,912	2,558,818	1,998,230	-	-	3,011,500	1,535,865	51%
First Restoration Dev. Coy Limited	Nigeria	3,315,484	113,951	650,000	2,779,436	113,951	-	-	51%
Calabar Golf Estate Limited	Nigeria	1,456,070	53,758	305,325	1,204,503	53,758	-	-	51%
Transit Village	Nigeria	1,293,112	-	775,000	518,112	-	-	-	51%
		136,010	-	-	-	-	-	74	40%

Name	Country of incorporation	Non current assets ₦'000	Current assets ₦'000	Non current liabilities ₦'000	Current liabilities ₦'000	Cash & Cash Equivalent ₦'000	Net Asset ₦'000	Carrying value ₦'000	Interest held %
31 Dec 2014									
UPDC REITS	Nigeria	23,708,000	7,219,087	146,750	748,038	72,889	30,032,299	18,538,372	61.5%
Metrocity Ltd (JV)	Nigeria	1,208,150	7,836,647	3,150,420	3,181,384	-	406,949	244,170	60%
First Festival Mall Limited	Nigeria	3,854,035	1,149,253	-	1,530,289	(396,333)	3,472,999	234,427	45%
Pinnacle Apartment Dev. Limited	Nigeria	1,724,136	445,916	650,000	1,520,252	10,784	-	-	51%
First Restoration Dev. Coy Limited	Nigeria	305,325	544,646	305,325	544,646	22,802	-	-	51%
Calabar Golf Estate Limited	Nigeria	775,000	1,236,115	461,115	-	-	-	-	51%
Transit Village	Nigeria	136,010	-	-	-	-	-	73,606	40%

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Name	Revenue	Interest Income	Interest Expense	Profit/(Loss)
UPDC REITS	2,048,292	1,390,874	-	4,843,835
Metrocity Ltd (JV)	-	-	337,363	-
First Festival Mall Limited	-	-	174,951	-
James Pinnock	-	-	-	-
Pinnacle Apartment Dev. Limited	-	-	57,478	-
First Restoration Dev. Coy Limited	-	-	1,176	-
Calabar Golf Estate Limited	-	-	-	-
Transit Village	-	-	-	-

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, 2015, 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 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 profits 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.

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.

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16(i) Share of net profit of Associates using the equity method

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Share of profit in REIT	1,787,461	2,978,959	-	-

UPDC diversified its portfolio in 2013 through the floating of the UPDC Real Estate Investment Trust (REIT) at a capital value of N26.7 billion listed on the Nigerian Stock Exchange (NSE) on 1 July, 2013. Five (5) major investment properties were transferred to the UPDC REIT namely Abebe Court Ikoyi, Victoria Mall Plaza (VMP), residential and office block, Victoria Island, UACN commercial complex Abuja and MDS warehouse at Aba. The REIT's income comprises of rental income from these investment properties and interest income from investment in money market instruments and other real estate related assets. UPDC held 61.5% of the real fund at 31 December 2015. 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 2015.

The reported share of profit from UPDC REIT (N1.67 billion) comprises of actual operating profit (N1.495 billion) and revaluation gain (N171.8 Million) on fair valuation of investment properties held (2014: N2.9 billion). Cash distribution spanning 12 months from July 2014 to June 2015 was received during the year. The SEC has approved the REIT's financial statement to June 2015 and the outstanding cash distribution for six (6) months to December 2015 will be recognised when received.

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

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17. Inventories

	The Group		The Company	
	2015 ₦'000	2014 ₦'000	2015 ₦'000	2014 ₦'000
Raw materials and consumables	10,406,991	15,687,235	4,668	3,423
Technical stocks and spares	1,232,933	970,070	-	-
Properties under construction (note 18)	12,166,714	9,489,183	-	-
Finished goods and goods for resale	1,476,439	1,620,187	-	-
	25,283,076	27,766,675	4,668	3,423

The Group

During the year ended 31 December 2015 **Nil** (2014: **₦19.58 Million**) was charged to the income statement for damages, obsolescence and write downs.

The Company

During the year ended 31 December 2015 **Nil** (2014 : **₦11 Million**) old stationery stock was charged to the income statement for damages.

18. Properties under construction included in inventories

The Group

	2015 ₦'000	2014 ₦'000
Cost/Valuation		
Balance 1 January	9,489,183	12,763,258
Additions	5,896,842	5,069,334
Disposals	(3,178,378)	(7,498,376)
Reclassification as investment properties (Note 14)	(260,000)	(297,741)
Impairment loss on Parkview estate	-	(293,982)
Provision for Maitama Land	(5,423)	-
Unrealised gain on transfer of asset	224,489	(253,310)
Balance 31 December	12,166,714	9,489,183

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19. Trade and other receivables

Receivables due within one year	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Trade receivables	5,375,563	5,722,055	-	-
Less: allowance for impairment of trade receivables	(1,750,181)	(1,680,892)	-	-
Net trade receivables	3,625,382	4,041,164	-	-
Receivables from Group companies	-	-	7,792,449	7,109,561
Other receivables	7,642,520	2,977,885	421,339	499,203
Advance payments	1,057,286	5,613,525	-	-
WHT receivable	794,429	455,275	264,227	143,382
Prepayments - staff grants	263,614	216,882	65,802	51,912
Prepayments- Other	1,210,609	2,645,292	28,551	10,799
	14,593,840	15,950,023	8,572,367	7,814,857

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. The group's impairment and other accounting policies for trade and other receivables are outlined in Notes 2.12 and 2.14 respectively.

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.

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	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Prepayments - Current	1,474,223	2,862,174	94,352	62,711
Prepayments - Non-current	10,789	25,032	-	-
Total prepayments	1,485,012	2,887,206	94,352	62,711

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 provision for impairment of trade receivables are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
At 1 January	1,680,892	810,891	-	-
Allowance for receivables impairment	69,289	870,000	-	-
31 December	1,750,181	1,680,892	-	-

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20. Cash and cash equivalents

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Cash at bank and in hand	1,379,000	568,000	22,000	15,301
Short-term deposits	7,804,402	7,388,717	3,409,237	2,839,812
Cash and short-term deposits	9,183,402	7,956,717	3,431,237	2,855,113

Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's accounting policies on cash and cash equivalents are outlined in Note 2.15.

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 the course of 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 N1.1b which represents unclaimed dividends received from Africa Prudential Registrars in 2015.

(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	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Cash and short-term deposits	9,183,402	7,956,717	3,431,237	2,855,113
Bank Overdrafts (Note 21)	(1,808,626)	(2,124,314)	-	-
Balances per statement of cash flow	7,374,776	5,832,403	3,431,237	2,855,113

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21. Borrowings

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Current borrowings				
Overdrafts due within one year	1,808,626	2,124,314	-	-
Commercial papers due within one year	15,713,922	18,433,424	-	-
	17,522,548	20,557,739	-	-
Non-current borrowings				
Loans due after one year (i)	8,125,644	7,737,406	-	-
Total borrowings	25,648,191	28,295,145	-	-

The borrowings are repayable as follows:

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Within one year	17,522,548	20,557,739	-	-
Between two to three years	7,991,832	7,500,000	-	-
More than three years	133,811	237,407	-	-
	25,648,191	28,295,145	-	-

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(i) Loans due after one year

Group	Amount due		
	2015 ₦'000	2014 ₦'000	Maturity date
Details of the loan maturities due after one year are as follows:			
Facility			
Grand Cereals Ltd - Stanbic IBTC	1,592,593	-	July, 2020
PPPNP-Bank of Industry	133,811	237,407	January, 2017
	1,726,404	237,407	
Term Loan:			
UPDC - Guaranty Trust Bank	2,976,720	3,500,000	August, 2019
UPDC - First Securities Discount House	3,422,519	4,000,000	May, 2019
	8,125,644	7,737,406	

Company

The company had no loan as at 31st December 2015.

The average interest rate for facilities from local banks during the period was 16% (2014 was 15%).

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22. Trade and other payables

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Trade payables	5,948,741	5,751,243	-	-
	5,948,741	5,751,243	-	-
Provision for employee leave	28,795	25,016	8,996	22,428
Other payables	4,201,757	3,062,831	39,649	75,620
Income received in advance	1,019,079	1,270,820	-	-
Accruals	3,743,113	3,851,583	580,603	810,221
Total	14,941,485	13,961,492	629,248	908,270

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms (See Note 2.17).

Other payables and accruals are non-interest bearing and have an average term of six months.

Income received in advance are deposits or down-payments received from customers for products.

23. Deferred revenue

	The Group		The Company	
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
At 1 January	306,844	413,553	92,759	186,222
Deferred during the year	717,446	588,685	164,227	105,854
Released to the statement of profit or loss	(701,178)	(695,394)	(190,995)	(199,318)
At 31 December	323,112	306,844	65,991	92,759
Current	307,361	92,759	65,991	92,759
Non-current	15,751	214,085	-	-

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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

24. Dividend payable

	The Group		The Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
As at 1 January	2,379,061	2,165,054	1,932,251	1,718,244
Dividend declared	3,361,512	3,361,512	3,361,512	3,361,512
Dividend paid during the year	(3,242,072)	(3,147,505)	(3,242,072)	(3,147,505)
Unclaimed dividend refunded	1,076,196	-	707,920	-
As at 31 December	3,574,696	2,379,061	2,759,611	1,932,251

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

25. Provisions

Group	Contingent Liabilities ₦'000	Legal claim ₦'000	Decommissioning liability ₦'000	Total ₦'000
At 1 January 2014	-	31,940	26,204	58,144
Unwinding of discount	-	-	(2,086)	(2,086)
Arising from acquisition of Portland Paints Plc	50,000	-	-	50,000
Derecognised Liabilities	-	-	-	-
Arising during the year	-	26,007	-	26,007
31 December 2014	50,000	57,947	24,118	132,065
Current	-	-	-	-
Non-current	50,000	57,947	24,118	132,065
At 1 January 2015	50,000	57,947	24,118	132,065
Unwinding of discount	-	-	3,040	3,040
Derecognised Liabilities	-	-	(3,580)	(3,580)
Arising during the year	-	2,076	-	2,076
31 December 2015	50,000	60,023	23,578	133,601
Current	-	-	-	-
Non-current	50,000	60,023	23,578	133,601

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Company	Contingent Liabilities ₦'000	Legal claim ₦'000	Decommisioning liability ₦'000	Total ₦'000
At 1 January 2015	-	39,967	-	39,967
Unwinding of discount	-	-	-	-
Derecognised Liabilities	-	-	-	-
Arising during the year	-	2,076	-	2,076
31 December 2015	-	42,043	-	42,043
Current	-	-	-	-
Non-current	-	42,043	-	42,043
At 1 January 2014	-	13,960	-	13,960
Unwinding of discount	-	-	-	-
Derecognised Liabilities	-	-	-	-
Arising during the year	-	26,007	-	26,007
31 December 2014	-	39,967	-	39,967
Current	-	-	-	-
Non-current	-	39,967	-	39,967

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. (see Note 35)

Legal claim

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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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. The discount rate for the unwinding of the discount on the liability was determined using the "Capital Asset Pricing Model".

26. Deferred Tax

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

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Deferred tax assets:				
— Deferred tax asset to be recovered after more than 12 months	203,290	202,610	-	-
	203,290	202,610	-	-
Deferred tax liabilities:				
— Deferred tax liability to be recovered after more than 12 months	(5,048,083)	(5,560,937)	(212,433)	-
Deferred tax (liabilities) / assets	(4,844,793)	(5,358,327)	(212,433)	-

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

	The Group		The Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
At 1 January	(5,358,327)	(5,448,022)	-	-
Adjustment in respect of prior year	691,980	(60,910)	-	-
(Charged)/credited to profit or loss	(178,446)	150,606	(212,433)	-
At 31 December	(4,844,793)	(5,358,327)	(212,433)	-

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:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

The Group

Deferred tax liabilities

	PPE Provisions		Assessed	FinanceInvestment		Total
	losses	leases	properties			
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2014	3,922,881	2,088,328	(444,653)	(18,533)	(100,000)	5,448,023
Charged/(credited) to profit or loss	252,263	(174,108)	34,759	-	-	112,914
At 31 December 2014 as restated	4,175,144	1,914,220	(409,894)	(18,533)	(100,000)	5,560,937
At 1 January 2015	4,175,144	1,914,220	(409,894)	(18,533)	(100,000)	5,560,937
Charged to the income statement	58,239	(506,914)	(64,179)	-	-	(512,855)
At 31 December 2015	4,233,383	1,407,306	(474,073)	(18,533)	(100,000)	5,048,083

(i) Provisions relate to impairment of financial instruments, write down of inventories to net realisable value and allowances.

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for the year ended 31st December 2015

The Company - UAC of Nigeria plc

Deferred tax assets

	PPE	Provisions	Assessed losses	Finance leases	Investment properties	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2014	69,744	(141,845)	72,101	-	-	-
Charged/(credited) to the profit or loss	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
At 31 December 2014	69,744	(141,845)	72,101	-	-	-
Charged/(credited) to the income statement	-	-	-	-	-	-
Charged/(credited) to other	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
At 31 December 2015	69,744	(141,845)	72,101	-	-	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

27. Share Capital

Group and Company

	2015		2014	
	Number 000	Amount N'000	Number 000	Amount N'000
Authorised:				
Ordinary Shares of 50k each	3,000,000	1,500,000	2,000,000	1,000,000
Preference Shares of 50k each	400,000	200,000	-	-
Total authorised share capital	3,400,000	1,700,000	2,000,000	1,000,000
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 000	Ordinary shares N'000
At 31 December 2014	1,920,864	960,432
Capitalised during the period	-	-
At 31 December 2015	1,920,864	960,432

During the year, Authorised Share Capital was increased from N1 billion to N1.7 billion by the creation of 3,000,000,000 Ordinary Shares of N0.50 each and 400,000,000 Preference Shares of N0.50 each.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

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

	Group		Company	
	2015 ₦'000	2014 ₦'000	2015 ₦'000	2014 ₦'000
Profit before tax	7,943,844	14,096,932	4,161,970	5,341,407
Adjustment for net finance (income)/costs	1,451,110	1,275,775	(1,478,066)	(1,400,306)
Operating profit	9,394,954	15,372,707	2,683,904	3,941,102
Amortisation of intangible assets	146,522	130,402	34,967	25,024
Share of associate's profit	(1,787,461)	(2,978,959)	-	-
Dividend income	-	-	(3,216,353)	(3,534,170)
Depreciation	2,348,533	2,628,833	160,259	151,791
Impairment charge on PPE	498,341	37,363	-	-
Effects of exchange rate changes on cash and cash equivalents.	349	(469)	-	-
Net fair value gains/(losses) on investment properties	(72,894)	(2,503,533)	179,784	(475,270)
Impairment of UPDC Hotel's PPE	473,000	-	-	-
Profit on sale of tangible PPE	(163,933)	(34,801)	1,465	(132)
Profit or Loss on sale of Investment Properties	57,365	71,124	-	71,124
Profit on GM liquidation	-	-	-	(219,240)
Operating cash flows before movements in working capital	10,894,774	12,722,667	(155,974)	(39,772)
Movements in working capital:				
Inventories	2,483,599	(1,149,777)	(1,246)	14,788
Trade and other receivables	1,356,183	(2,262,480)	(757,510)	(1,897,507)
Trade and other payables	(488,015)	(2,098,159)	1,193,394	(1,010,247)
Provisions	1,535	2,087	2,076	-
Net cash from/(used in) operations - continuing operations	14,322,539	7,214,338	280,739	(2,932,738)
Trade and other receivables	140,417	1,030,056	-	-
Trade and other payables	(62,838)	(112,161)	-	-
Net cash from/(used in) operations - discontinued operations	77,579	917,895	-	-
Net cash from/(used in) operations	14,400,118	8,132,233	280,739	(2,932,738)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

29. 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), their key management personnel and their close family members, 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 services agreements with its subsidiaries for support services. Income from commercial services fees(representing 0.75-1% of turnover of the subsidiaries) **₦630 million** (2014: **₦705 million**).

This has been included in the revenue of the Company.

	2015 ₦'000	2014 ₦'000
UACN Property Development Co. Plc	40,267	83,866
Grand Cereals Limited	229,608	268,819
Chemical & Allied Products Plc	70,631	69,563
Warm Spring Waters Nigeria Limited	6,253	6,451
UAC Foods Ltd	145,502	151,425
UNICO Closed PFA Ltd	1,810	1,753
MDS Logistics Ltd	24,272	10,104
Portland Paints & Products Plc	21,685	27,982
Livestock Feeds Plc	89,633	79,145
UAC Restaurants Ltd	-	6,070
	629,660	705,178

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

(b) Year-end balances arising from sales/purchases of goods/services

	2015 ₦'000	2014 ₦'000
Receivable:		
UACN Property Development Co. Plc	1,996,424	1,538,056
Chemical & Allied Products Plc	7,202	6,057
Grand Cereals Limited	3,895,941	4,683,108
Warm Spring Waters Nigeria Limited	881	5,617
UNICO CPFA Ltd	6,863	4,215
UAC Restaurants Limited	45,140	17,788
Portland Paints Plc	425,685	334,977
Livestock Feeds Plc	1,214,985	402,312
MDS Logistics Plc	44,222	38,411
UAC Foods Ltd	155,106	79,019
	7,792,449	7,109,561

	2015 ₦'000	2014 ₦'000
Payable		
UAC Foods Ltd	-	-
UAC Restaurants Limited	-	-
UACN Property Development Co. Plc	-	-
MDS Logistics Plc	-	-
Warm Spring Waters Nigeria Limited	-	-
	-	-

All trading balances will be settled in cash.

There were no provisions for doubtful related party receivables as at 31 December 2015 (2014: nil) and no charges to the profit or loss in respect of doubtful related party receivables.

Notes to the Consolidated and Separate Financial Statements

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(c) Key Management Personnel

Total transactions with key management personnel amounted to **N2.9 million** during the year (2014: **N202.7 million**). These were mainly purchases and sale of foods and drinks from various entities within the group by these personnel. As at 31 December 2015, there were no outstanding balances due from these personnel (see Note 7

c(i) Intra-group and other related party transactions are carried out at normal commercial terms and conditions.

30. Capital commitments and contingent liabilities

	Group		Company	
	N'000	N'000	N'000	N'000
2015	2014	2015	2014	
Capital expenditure authorised	14,520,611	12,604,472	316,820	290,700
Capital expenditure authorised & contracted	7,026,849	6,060,854	173,840	131,664

"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 N1.5billion.

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.

Notes to the Consolidated and Separate Financial Statements

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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 - fair market: N1.8billion, forced sale: N1.2billion.

The directors have written down the property to its forced sale value of N1.2 billion.

In an event the company loses the case the carrying value of the property in its books is N1.2 billion.

There were other litigations as at the balance sheet 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."

31. Technical support agreements

a) 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 year (representing 3% of turnover of Dulux Brand) is **₦101.36 million** (2014: **₦99.37 million**)

32. Disposal group held for sale and discontinued operations

Disposal group held for sale

Warm Spring Waters Nigeria Limited

In 2013, management decided to dispose of its equity holding in Warm Spring Waters Nigeria Limited. The entity has been classified as a disposal group held for sale in accordance with IFRS 5 as it is available for sale in its present condition and a sale is highly probable. The sale is expected to be made to an identified buyer, subject to agreement of terms and conditions by both parties. The entity belongs to the Food and Beverages segment of the group.

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Exception to one year requirement

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. These factors include but are not limited to the significant political changes in the location of operational base of the entity. These political activities restricted business transactions for a significant period in 2015. Management however, remains committed to concluding the sale within a reasonable time frame.

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

	WSWNL	
Assets	2015	2014
Non-current assets:	₦'000	₦'000
Property, plant and equipment	675,501	675,501
Deferred tax asset	28,362	-
	703,863	675,501
Current assets		
Inventories	45,791	89,063
Trade and other receivables	47,893	51,061
Cash and short-term deposits	28,997	151,336
	122,681	291,460
Total	826,544	966,961
Liabilities		
Non-current liabilities		
Borrowings	-	-
Deferred taxation liabilities	-	9,668
	-	9,668
Current liabilities		
Trade and other payables	94,315	158,377
Current income tax liabilities	14,282	3,390
	108,597	161,767
Total	108,597	171,435

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for the year ended 31st December 2015

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

	WSWNL	
	2015	2014
	₦'000	₦'000
Revenue	625,257	645,125
Cost of sales	(381,655)	(412,608)
Gross profit	243,602	232,517
Other operating income	9,380	13,038
Selling and distribution expenses	(144,721)	(144,808)
Administrative expenses	(95,928)	(104,654)
Operating profit	12,333	(3,907)
Finance income	1,637	12,921
Finance cost	-	(1,162)
Profit before taxation	13,970	7,852
Taxation	23,748	(13,058)
Profit on disposal of GM Nigeria	-	219,240
Profit/(Loss) from discontinued operations	37,718	214,034

Cashflows from discontinued operations:

The net cash flows incurred by Warm Spring Waters are, as follows:

	2015	2014
	₦'000	₦'000
Operating	39,250	26,380
Investing	(31,589)	13,459
Financing	(130,000)	(10,000)
Net cash (outflows)/inflows	(122,339)	29,839

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33. Disclosure of Interests in Other Entities

33.1 Composition of the group

UAC of Nigeria Plc is a diversified conglomerate with interests in four primary verticals - Food and Beverages (5 entities of which 1 has been classified as held for sale), 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.

33.2 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, sales and facility management of commercial and residential properties in Nigeria. First Trustees, a subsidiary of First Bank of Nigeria Plc holds an 8% (2014: 12%) interest in the entity. The profit allocated to Non-Controlling Interest (NCI) for the year 2015 is ₦207 million (2014: ₦1.94 billion) and total dividend paid amounts to ₦464 million (2014: ₦962.5 million). As at 31 December 2015, the accumulated NCI in the subsidiary was ₦19.2 billion (₦19.5 billion). UAC has a 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 2015 (2014: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2014 is ₦339 million (2014: ₦493 million). As at the 31 December 2015, the accumulated NCI in the subsidiary was ₦2.4 billion (2014: ₦2.5 billion) and dividend was paid.

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 2015. The loss allocated to Non-Controlling Interest (NCI) for the year 2015 is ₦65 million (2014: Profit of ₦52 million) and no dividend was paid. As at 31 December 2013, the accumulated NCI in the subsidiary was ₦212 million (2014: ₦277 million).

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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 2015. The profit allocated to Non-Controlling Interest (NCI) for the year 2015 is N230 million and total dividend paid amounts to N1 billion (2014: N1.2 billion). As at 31 December 2013, the accumulated NCI in the subsidiary was N2.45 billion (2014: N2.67 billion).

Summarised financial information	MDS N'000	UPDC N'000	UACR N'000	UFL N'000
Non-current assets	3,787,015	50,765,567	713,143	4,544,523
Current assets	2,938,485	21,195,000	577,660	4,236,109
Current liabilities	1,256,136	29,488,178	836,940	3,008,577
Non-current liabilities	564,432	6,898,219	23,578	766,878
Revenue	4,860,350	5,120,932	1,078,124	14,550,171
Profit before tax	1,025,550	55,851	(133,618)	1,433,832
Total comprehensive income	691,315	380,778	(135,107)	468,669

Acquisition of additional interest in Portland Paints & Products Nigeria PLC (Portland Paints)

In July 2014, the company acquired additional 13.7% (54.8m shares) of the issued shares of Portland Paints for a purchase consideration of N235.9 million. The group now holds 64.7% of the equity share capital of Portland Paints. The carrying amount of the non-controlling interests in Portland Paints on the date of acquisition was N486.9 million. The group derecognised non-controlling interests of N486.9m and recorded a decrease in equity attributable to non-controlling interest of N251 million.

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:

	N'000
Carrying amount of non-controlling interests at acquisition date	486,910
Consideration paid to non-controlling interests	(235,890)
Value of NCI recognised in parent's total equity	251,020

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34. 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 2015. 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 have 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 2015 using:

Quoted prices in

active markets for identical assets Significant other observable inputs Significant other unobservable inputs

all figures in ₦'000 unless otherwise stated

Recurring fair value measurements

Investment Property

UAC Company

UPDC

Group

(Level 1)

₦'000

(Level 2)

₦'000

(Level 3)

₦'000

-

-

2,984,600

-

-

20,035,327

23,019,927

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Available for sale financial assets

Livestock Feeds Plc investment in financial assets for sale	9,308	-	-
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Non-recurring fair value measurements

Warm Spring Waters Nigeria Limited - classified as held for sale	717,947
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Fair value measurements as at 31st December 2014 using:

	Quoted prices in active markets for identical assets (Level 1) N'000	Significant other observable inputs (Level 2) N'000	Significant unobservable inputs (Level 3) N'000
all figures in N'000 unless otherwise stated			
Recurring fair value measurements			
Investment Property			
UAC Company	-	-	3,198,600
UPDC	-	-	19,924,422
Group			23,123,022

Available for sale financial assets

Livestock Feeds Plc investment in financial assets for sale	12,312	-	-
---	--------	---	---

Non-recurring fair value measurements

Previously held interests in Livestock Feeds Plc.	462,210	-	-
---	---------	---	---

Valuation techniques used to derive level 3 fair values

	2015 Investment Property (Company) N'000	Investment Property (Group) N'000
Opening balance	3,198,600	19,924,422
Transfers to/(from) level 3	-	-
Additions	784	54,377
Reclassifications	-	260,000
Disposals	(35,000)	(276,365)
Gains recognised in profit or loss	(179,784)	72,893
Closing Balance	2,984,600	20,035,327



Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

Valuation techniques used to derive level 3 fair values

	2014	
	Investment	Investment
	Property (Company)	Property (Group)
	₦'000	₦'000
Opening balance	2,241,205	33,840,446
Additions	-	2,775,224
Reclassifications	94,560	94,560
Disposals	(180,000)	(22,672,657)
Gains recognised in profit or loss	734,092	4,364,891
Closing Balance	2,889,857	18,402,464

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 2015.

The external valuations of the level 3 investment properties have been performed using the Open Market Approach. The external valuers have 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 2015	Fair value as at 31 December 2014	Valuation Technique	unobservable inputs	Relationship of unobservable inputs to fair value
Investment Property - UAC Company	2,984,600	2,889,857	Open Market Approach	Price per square metre 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	20,035,327	18,402,464	Open Market Approach	Price per square metre 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

35. Business Combinations

Acquisition of Livestock Feeds Plc

In November 2012, the Group acquired 11% of the share capital of Livestock Feeds Plc ("Livestock Feeds") for N400 million via secondary market trades. In February 2013, the Group acquired a further 40% (N904 million) of the share capital via a special placement. Control was obtained on March 18 when regulatory approval was received for the transaction. The total transaction size for a 51% interest in the entity was N1.3 billion.

Livestock Feeds Plc is an animal feeds operations with mills in key sites across the country. Through this transaction, the combined market shares of Livestock Feeds and Grand Cereals will consolidate UACN's market presence in the animal feeds sector thus adding significant scale to UACN's existing business. It also expects to reduce costs through economies of scale and collaborations in procurement and distribution.

The Goodwill of N209 million arising from the acquisition is attributable to acquired economies of scale, geographical diversification opportunities as well as synergistic benefits which are expected from the acquisition. None of the Goodwill recognised is expected to be deductible for income tax purpose.

The fair value of the Group's previously held interest in Livestock Feeds Plc was N461 million as at the acquisition date resulting in a gain of N61 million. The gain is included in other gains (Note 4) in the Group's statement of profit or loss for the year ended 31 December 2013.

	No of shares acquired	Share Price	Consideration paid ₦'000
11% stake acquired in November 2012	220,000,000	1.82	400,400
Fair value as at 18 March 2013	220,000,000	2.10	462,000
Fair value gain on previously held interest			61,600
Fair value of the share price was determined from the market price of the shares of the company at the relevant dates.			

Acquisition of Portland Paints and Products Nigeria Plc

On June 28 2013, the Group acquired 51% of the share capital of Portland Paints and Products Nigeria PLC ("Portland Paints"). Control was obtained on this date when all closing conditions were satisfied and regulatory approval obtained. The transaction size for the acquisition amounted to N923 million.



Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

The acquisition was largely in line with the Group's strategy to remain a diversified business with emphasis on market segments that offer the highest potential and maximize shareholders' value. With this transaction, the Group has consolidated its position as the leading paint manufacturer in Nigeria in both the luxury and standard segments.

The Goodwill of N339 million arising from the acquisition is attributable to acquired, economies of scale as well as synergistic benefits which are expected from the acquisition. None of the Goodwill recognised is expected to be deductible for income tax purpose.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31st December 2015

The following table summarises the consideration paid for both Livestock Feeds and Portland Paints, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date;

	Livestock Feeds	Portland Paints
	₦'000	₦'000
Cash	904,000	923,530
Total consideration transferred	904,000	923,530
Fair value of previously held interests	462,210	-
Total Consideration	1,366,210	923,530
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	638,175	50,257
Property, plant and equipment	1,649,379	986,617
Assets under finance lease	-	65,900
Intangible assets	-	233,358
Available for sale financial assets	16,096	-
Prepayments	-	168,747
Inventories	1,352,423	902,628
Trade and other receivables	435,047	485,140
Retirement benefit obligations	(805)	(134,502)
Trade and other payables	(393,232)	(788,597)
Dividends payable	(100)	-
Borrowings	(872,795)	(510,937)
Government Grants	-	(65,775)
Current tax payable	(97,902)	-
Deferred tax liabilities	(58,283)	(95,398)
Provisions	-	-
Intangible Assets (Off Balance Sheet)	324,942	395,230
Contingent Liabilities	-	(50,000)
Indemnification Assets	-	-
Pre-Existing Relationships/Re-acquired Rights	-	-
Total identifiable net assets	2,992,944	1,642,668
Deferred Tax on Consolidation	(369,896)	(253,273)
Non-controlling interests	(1,466,543)	(804,907)
Goodwill	209,705	339,042
Total	1,366,210	923,530

36. Subsequent events

There were no material events subsequent to the balance sheet date that have not been accounted for or disclosed in these financial statements

Group five-year Financial Summary

Year ended 31 December 2015

Naira millions	2011	2012	2013	2014	2015
Funds Employed					
Equity attributable to equity holders of the Company	35,316	37,026	42,898	44,965	44,588
Non-controlling interest	21,749	23,575	29,340	30,110	29,554
Creditors due after one year	23,422	18,470	11,562	13,296	13,174
Provisions	37	35	26	132	134
	80,524	79,106	83,825	88,503	87,449
Employment of funds					
Property, plant and equipment	60,976	68,954	57,420	58,620	57,561
Long term investments	157	307	17,991	19,101	21,208
Net current (liabilities) / assets	19,392	9,845	6,701	10,204	7,979
	80,525	79,106	82,112	87,925	86,747
Capital expenditure	3,113	5,161	8,348	3,029	1,809
Depreciation	2,837	1,770	3,077	2,629	2,495
Results					
Turnover	59,638	69,632	78,714	85,654	73,146
Profit from operations	7,715	11,526	15,192	12,394	7,607
Share of profit of associated companies	13	-	-	2,979	1,787
Taxation	(3,587)	(3,642)	(4,062)	(3,370)	(2,797)
Profit after tax and non-controlling interest	959	4,111	5,582	6,532	2,997
Dividend - proposed	(2,401)	(2,561)	(3,362)	(3,362)	(1,921)
Profit for the year retained	(1,442)	1,550	3,159	3,171	(365)
Share prices : High (kobo)	4,250	3,450	7,110	7,120	4,274
Low (kobo)	2,870	2,800	4,200	3,400	1,875
Market capitalisation (period-end)	47,541	67,230	128,698	65,309	36,016
Dividend per share (kobo)	150	160	175	175	100
Dividend per share (kobo) - adjusted	150	160	175	175	100
Earnings per share (kobo)	37	257	291	340	156
Earnings per share (kobo) - adjusted	37	214	291	340	156
Net assets per share (kobo)	3,565	3,786	3,713	3,876	3,860
Dividend cover (times)	0.2	1.6	1.7	1.8	1.0

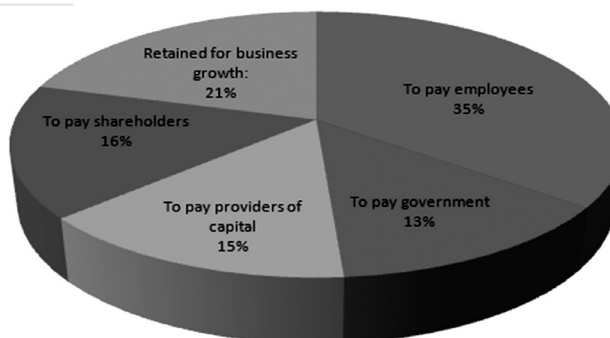
Statement of Value Added

For the year ended 31st December 2015

	Group				Company			
	2015		2014		2015		2014	
	₹ Million	%	₹ Million	%	₹ Million	%	₹ Million	%
Turnover	73,146		85,654		821		929	
Share of associated companies' profits	1,787		2,979		-		-	
Interest received & other income	3,526		5,209		1,821		2,357	
Cost of materials and services:								
Imported	(369)		(369)	-	-		-	
Local	(57,202)		(65,360)		2,422		2,977	
Value Added	20,888	100	28,114	100	5,064	100	6,263	100
Applied as follows:								
To pay employees								
Salaries, wages and other benefits	7,397	35	8,029	29	706	14	730	12
To pay government								
Taxes	2,797	13	3,366	12	659	13	1,028	16
To pay providers of capital								
Interest charges	3,018	14	3,021	11	-	-	15	0
To pay shareholders								
Dividend	3,362	16	3,362	12	3,362	66	3,362	54
Retained for replacement of assets and business growth:								
Depreciation and Amortisation	2,495	12	2,759	10	195	4	177	3
Non-controlling interest	2,186	10	4,409	16	-	-	-	-
Future Investment	(366)	(2)	3,168	11	142	3	951	15
	20,888	100	28,114	100	5,064	100	6,263	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 8.30% of the issued share capital of the Company as at 31st December, 2015.

RANGE ANALYSIS

Range		No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	- 500	33,528	18.09	33528	10,003,982	0.52	10,003,982
501	- 1,000	23,786	12.83	57314	17,565,122	0.91	27,569,104
1,001	- 5,000	106,594	57.50	163908	261,325,756	13.60	288,894,860
5,001	- 50,000	19,860	10.71	183768	222,626,028	11.59	511,520,888
50,001	- 100,000	772	0.42	184540	54,427,710	2.83	565,948,598
100,001	- 500,000	613	0.33	185153	125,621,092	6.54	691,569,690
500,001	- 1,000,000	99	0.05	185252	73,331,470	3.82	764,901,160
1,000,001	- 10,000,000	113	0.06	185365	312,062,551	16.25	1,076,963,711
10,000,001	- 1,000,000,000	23	0.01	185388	843,900,675	43.93	1,920,864,386
Grand Total		185,388	100.00		1,920,864,386	100.00	

Unclaimed Dividends and Share Certificate

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 Registrars Plc
220B Ikorodu Road, Palm Groove, Lagos
Telephone 01-8931501
E-mail: info@aficaprudentialregistrars.com

The dividends are set out below:

DIVIDENDS	DATE DECLARED		AMOUNT UNCLAIMED		
	Month	Day	Year N'000	2015 N'000	2014
38	June	18	2004	638	812
39	May	31	2005	113	220
40	June	16	2006	36	46
41	June	22	2007	2,858	8,878
42	December	3	2007	57,660	73,618
43	June	4	2008	28	1,254
44	June	23	2009	4,487	11,110
45	June	23	2010	532	7,398
46	June	15	2011	247,953	325,111
47	June	21	2012	248,849	431,400
48	June	27	2013	241,116	500,779
49	June	26	2014	826,485	
50	September	24	2015	1,007,910	

Movement in Share Capital

	Authorised capital		Issued and fully paid capital		Consideration
	From	To	From	To	
Date	₦'000	₦'000	₦'000	₦'000	
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)
5/4/1994	204,188	204,188	204,188	161,308	Capital reduction
15/2/1995	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)
6/16/2010	1,000,000	1,000,000	640,288	800,360	Scrip issue (1 for 4)



E-DIVIDEND MANDATE/REPLACEMENT FORM

Dear Shareholder,

We are pleased to advise you of our new e-dividend service, which enables direct credit of your dividend(s) [new dividend payments / lost / misplaced / stale / unclaimed dividend warrants] to your bank account regardless of the bank or account type, i.e. Current / Savings Accounts.

Should you prefer this service, kindly fill the spaces provided below and return to us.

Please use the name(s) in which your shares are held, with the signature on your Application or Transfer Form.

Thank you.

The Managing Director/Registrar
Africa Prudential Registrars Plc
220B, Ikoro Road, Palmgrove
Lagos. APIC

Company

- ☐ UB
☐ UTC Nigeria Plc
☐ SCOA Nigeria Plc
☐ NEM Insurance Plc
☐ Jaiz International Plc
☐ ALUMACO
☐ Resort Savings and Loans Plc
☐ Transcorp Plc
☐ Computer Warehouse

Asset (tick appropriate boxes like this) ☒

- ☐ Poly Product
☐ West African Glass Industries Plc
☐ Cement Company of Northern Nigeria Plc
☐ Cappa & D'Alberty Plc
☐ Champion Breweries Plc
☐ International Breweries Plc
☐ Roads Nigeria Plc
☐ ARM Properties Plc

☐ Others (please specify in the boxes provided)

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Please take this as authority to credit my / our under -mentioned account with any dividend payment(s) / lost / misplaced / stale / unclaimed dividend warrants due on my / our shareholding in the aforementioned company(ies) the particulars of which are stated below from the date hereof:

Shareholder's Name *: (Surname) (Other Names)

Shareholder's Account No. (if known):

Address *:

Mobile Number *:

Fax Number: e-mail Address *:

Bank Name *: Branch *:

Bank Account No *: Account Type *:

Dated this * day of 20

Bank Stamp & Authorized Signatories

Shareholder(s) Signatories

Note:

The provision of information on your Bank Name, Bank Account No., E-mail address and Mobile number are very important to enable us process your request. All asterisked fields (*) are compulsory.

Shareholders in the North and South-south regions of the country are advised to contact our for all enquiries concerning shareholding in any of our client companies (see addresses below).

Abuja or Port-Harcourt Liaison Office

Lagos
220B, Ikoro Road, Palmgrove,
PMB 12649, Marina
Lagos.
Tel: 01-8401153

Abuja
11, Lafia Close,
Area 8, Garki, Abuja.
Tel: 09-8701645

Port-Harcourt
Plot 137, Olu-Obasanjo Road
(2nd floor), Port-Harcourt
Rivers State.

E-mail: info@aficaprudentialregistrars.com
Website: www.aficaprudentialregistrars.com

C005

Africa Prudential Registrars Plc

RC NO: 649007



SHAREHOLDER E-SERVICE APPLICATION FORM

(* = Compulsory fields)

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. SPOUSE' NAME:

5. *MOTHER'S MAIDEN NAME:

6. *E-MAIL:

7. ALTERNATE E-MAIL:

8. *MOBILE No 9. SEX: MALE ☐ FEMALE ☐

10. PHONE No(HOME):

11. *POSTAL ADDRESS:

12. *CSCS CLEARING HOUSE No

13. NAME OF STOCKBROKER: 14. OCCUPATION:

15. NATIONALITY:

16. NEXT OF KIN:

E-SHARE REGISTRATION ACTIVATION MANDATE

o H R n o r o h o ☐

BANK DETAILS FOR E-DIVIDEND MANDATE

o N N N N HN HM

17. *ACCOUNT NAME:

18. *BANK ACCOUNT NUMBER: 19. *BANK:

20. *AGE OF ACCOUNT:

*BANK'S AUTHORISED SIGNATURE & STAMP

DECLARATION

h h MA

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

CLIENTELE

1. AFRICA PRUDENTIAL REGISTRARS PL	ARS PL	<input type="checkbox"/>
2. ABBEY BUILDING SOCIETY PL	TY PL	<input type="checkbox"/>
3. AFRILAND PROPERTIES PL	TIES PL	<input type="checkbox"/>
4. A & G INSURANCE PLC	C	<input type="checkbox"/>
5. ARM PROPERTIES PL	TIES PL	<input type="checkbox"/>
6. A.R.M LIFE PLC	C	<input type="checkbox"/>
7. ADAMA WATER & ELECTRICITY SUPPLY AUTHORITY		<input type="checkbox"/>
8. BECOIL PETROLEUM PRODUCTS LTD	TS PL	<input type="checkbox"/>
9. BUA GROUP		<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND		<input type="checkbox"/>
11. CAP PLC	C	<input type="checkbox"/>
12. CAPP & ANDERSON ALBERT TOPPL	C	<input type="checkbox"/>
13. CEMENT COMPANY OF NORTHERN NIG. PL	C	<input type="checkbox"/>
14. CSCS PLC	C	<input type="checkbox"/>
15. CHAMPION BREWERIES PLC	C	<input type="checkbox"/>
16. COMPUTER WAREHOUSE GROUP		<input type="checkbox"/>
17. EBON STATE GOVERNMENT BOND		<input type="checkbox"/>
18. GOLDEN CAPITAL PLC	C	<input type="checkbox"/>
19. INFINITRY TRUST SAVINGS & LOANS	C	<input type="checkbox"/>
20. INTERNATIONAL BREWERIES PLC	C	<input type="checkbox"/>
21. INVESTMENT & ALLIED ASSURANCE PLC	C	<input type="checkbox"/>
22. JAIZ BANK PLC	C	<input type="checkbox"/>
23. KADUNA STATE GOVERNMENT BOND		<input type="checkbox"/>
24. NEM INSURANCE PLC	C	<input type="checkbox"/>
25. NEXANS KABLEM TALENIG PLC	C	<input type="checkbox"/>
26. OMOLU ABI SA VINGS AND LOANS PLC	C	<input type="checkbox"/>
27. PERSONAL TRUST & SAVINGS LTD		<input type="checkbox"/>
28. P.S.M ANDRIDES PLC	C	<input type="checkbox"/>
29. PORTLAND PAINTS & PRODUCTS TALENIG PLC	C	<input type="checkbox"/>
30. PREMIER BREWERIES PLC	C	<input type="checkbox"/>
31. RESORT SAVINGS & LOANS PLC	C	<input type="checkbox"/>
32. ROADS NIGERIA PLC	C	<input type="checkbox"/>
33. SCOA NIGERIA PLC	C	<input type="checkbox"/>
34. TRANSCO ORP PLC	C	<input type="checkbox"/>
35. TOWER BOND		<input type="checkbox"/>
36. THE LACASERACORPORATE BOND		<input type="checkbox"/>
37. UAC OF NIG. PLC	C	<input type="checkbox"/>
38. UBA BALANCED FUND		<input type="checkbox"/>
39. UBA BOND FUND		<input type="checkbox"/>
40. UBA CAPITAL PLC	C	<input type="checkbox"/>
41. UBA EQUITY FUND		<input type="checkbox"/>
42. UBA MONEY MARKET FUND		<input type="checkbox"/>
43. UNITED BANK FOR AFRICA PLC	C	<input type="checkbox"/>
44. UNIC INSURANCE PLC	C	<input type="checkbox"/>
45. UAC PROPERTIES DEVELOPMENT COMPANY PLC	C	<input type="checkbox"/>
46. UT NIGERIA PLC	C	<input type="checkbox"/>
47. WEST AFRICAN GLASS IND PLC	C	<input type="checkbox"/>

Signature: _____

Signature: _____
N nsgdr

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: +234 (0)7080606400 | ABUJA: 1, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873

PORT-HARCOURT: Plot 137, Oluobasanjo Road (2nd floor), Port Harcourt, Rivers State. Tel: 084-303457

E-MAIL: info@africaprudentialregistrars.com | WEBSITE: www.africaprudentialregistrars.com



Africa Prudential Registrars

C005

Africa Prudential Registrars Plc

RC NO: 649007



SHAREHOLDER DATA FORM

(* = Compulsory fields)

1. *SURNAME/COMPANY NAME: _____

2. *FIRST NAME: _____

3. OTHER NAME: _____

4. SPOUSE' NAME: _____ *Optional*

5. *MOTHER'S MAIDEN NAME: _____

6. *E-MAIL: _____

7. ALTERNATE E-MAIL: _____

8. *MOBILE No.: _____ 9. SEX: MALE ☐ FEMALE ☐

10. PHONE No. (HOME): _____

11. *POSTAL ADDRESS: _____

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

CLIENTELE

- | | | |
|--|--|---|
| 1. ABBEY MORTGAGE BANK PLC <input type="checkbox"/> | 12. CEMENT COY OF NORTHERN NIG. PLC <input type="checkbox"/> | 23. NEM INSURANCE PLC <input type="checkbox"/> |
| 2. AFRICA PRUDENTIAL REGISTRARS PLC <input type="checkbox"/> | 13. CSCS PLC <input type="checkbox"/> | 24. MOLUABI SAVINGS AND LOANS PLC <input type="checkbox"/> |
| 3. AFRILAND PROPERTIES PLC <input type="checkbox"/> | 14. CHAMPION BREWERIES PLC <input type="checkbox"/> | 25. PERSONAL TRUST & SAVINGS LTD <input type="checkbox"/> |
| 4. A & G INSURANCE PLC <input type="checkbox"/> | 15. COMPUTER WAREHOUSE GROUP PLC <input type="checkbox"/> | 26. PS MANDRIDES PLC <input type="checkbox"/> |
| 5. ARM PROPERTIES PLC <input type="checkbox"/> | 16. EBONYI STATE GOVERNMENT BOND <input type="checkbox"/> | 27. PORTLAND PAINTS & PRODUCTS NIG. PLC <input type="checkbox"/> |
| 6. A.R.M LIFE PLC <input type="checkbox"/> | 17. GOLDEN CAPITAL PLC <input type="checkbox"/> | 28. PREMIER BREWERIES PLC <input type="checkbox"/> |
| 7. ADAMAWA STATE GOVERNMENT BOND <input type="checkbox"/> | 18. INFINITY TRUST MORTGAGE BANK PLC <input type="checkbox"/> | 29. RESORT SAVINGS & LOANS PLC <input type="checkbox"/> |
| 8. BECO PETROLEUM PRODUCTS PLC <input type="checkbox"/> | 19. INTERNATIONAL BREWERIES PLC <input type="checkbox"/> | 30. ROADS NIGERIA PLC <input type="checkbox"/> |
| 9. BENUE STATE GOVERNMENT BOND <input type="checkbox"/> | 20. INVESTMENT & ALLIED ASSURANCE PLC <input type="checkbox"/> | 31. SCOA NIGERIA PLC <input type="checkbox"/> |
| 10. CAP PLC <input type="checkbox"/> | 21. JAIZ BANK PLC <input type="checkbox"/> | 32. TARABA STATE GOVERNMENT BOND <input type="checkbox"/> |
| 11. CAPP A AND D'ALBERTO PLC <input type="checkbox"/> | 22. KADUNA STATE GOVERNMENT BOND <input type="checkbox"/> | 33. TRANSCORP PLC <input type="checkbox"/> |
| | | 34. TOWER BOND <input type="checkbox"/> |
| | | 35. THE LA CASERA COMPANY - CORPORATE BOND <input type="checkbox"/> |
| | | 36. UAC NIGERIA PLC <input type="checkbox"/> |
| | | 37. UBA BALANCED FUND <input type="checkbox"/> |
| | | 38. UBA BOND FUND <input type="checkbox"/> |
| | | 39. UBA CAPITAL PLC <input type="checkbox"/> |
| | | 40. UBA EQUITY FUND <input type="checkbox"/> |
| | | 41. UBA MONEY MARKET FUND <input type="checkbox"/> |
| | | 42. UNITED BANK FOR AFRICA PLC <input type="checkbox"/> |
| | | 43. UNIC INSURANCE PLC <input type="checkbox"/> |
| | | 44. UAC PROPERTY DEVELOPMENT COMPANY PLC <input type="checkbox"/> |
| | | 45. UTC NIGERIA PLC <input type="checkbox"/> |
| | | 46. WEST AFRICAN GLASS IND PLC <input type="checkbox"/> |

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: _____
for joint/corporate accounts only

OTHERS: _____

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400 | **ABUJA** 1, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873

PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd floor), Port Harcourt, Rivers State. Tel: 084-303457

E-MAIL: info@africaprudentialregistrars.com | **WEBSITE:** www.africaprudentialregistrars.com



Africa Prudential Registrars

PROXY FORM

UAC OF NIGERIA PLC

Annual General Meeting to be held at 10.00 a.m. on Wednesday 8th June, 2016 at Arthur Mbanefo Hall, Golden Tulip Festac Lagos, Amuwo-Odofin 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 8th June, 2016 and at every adjournment there of

Date:

Shareholder's signature.....

RESOLUTIONS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
To declare Dividend			
To re-elect Dr. Umaru Alka as a Director			
To elect Mr. Daniel Agbor as a Director			
To elect Dr. Okechukwu Mbonu as a Director			
Authorize the Directors to fix the Remuneration of the Auditors			
To elect members of the Audit Committee			
SPECIAL BUSINESS			
To fix remuneration of Directors			
To renew general mandate for related party transactions			

Please indicate your wish by placing 'X' in the appropriate square
Put the 'X' beside the motion before meeting and not any of the others

Signature of member/proxy
Dated this day of 2016.

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 6th June, 2016. 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.
- (c) 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 Arthur Mbanefo Hall, Golden Tulip Festac Lagos, Amuwo-Odofin, on Wednesday 8th June, 2016 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

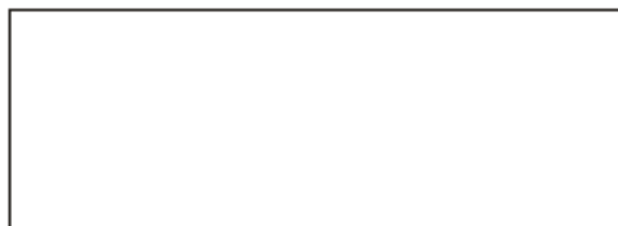
GODWIN A SAMUEL, ESQ
COMPANY SECRETARY/LEGAL ADVISER

UAC OF NIGERIA PLC
Annual General Meeting Admission Card
Name and Address of Shareholder

Signature of person attending
SHAREHOLDER.....
PROXY.....

PLEASE AFFIX
STAMP

The Registrar
Africa Prudential Registrars Plc
220 B Ikorodu road,
Palm Groove,
Lagos.
Tel: 01- 8931501
web: www.africaprudentiaregistrars.com
email: info@aficaprudentiaregistrars.com



If undelivered please return to
AFRICA PRUDENTIAL REGISTRARS PLC
220B IKORODU ROAD,
PALM GROOVE,
LAGOS.
TEL 01- 8931501
web: www.africaprudentiaregistrars.com
email: info@aficaprudentiaregistrars.com



...doing good

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Tel: +234-1-7624331
Web: www.uacnplc.com, Email: info@uacnplc.com