



UAC of Nigeria Plc
Unaudited Financial Statements for the Period
ended 30 September 2020

UAC of Nigeria Plc
Unaudited Consolidated Financial Statements
for the period ended 30 September 2020

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UAC of Nigeria Plc

Certification pursuant to section 60(2) of Investment and Securities Act No. 29 Of 2007

We the undersigned hereby certify the following with regards to our unaudited financial report for the period ended 30 September 2020 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) any untrue statement of a material fact, or
 - (ii) omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;
- (c) To the best of our knowledge, the financial statements and other financial Information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report.
- (d) We:
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) any fraud, whether or not material, that involve management or other employees who have significant role in the company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.



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



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

UAC of Nigeria Plc

Statement on Investors' Relations

UAC of Nigeria Plc has a dedicated investors' portal on its corporate website which can be accessed via this link: **<https://www.uacnplc.com>**. The Company's Head, Investor Relations, Funke Ijaiya-Oladipo can also be reached through electronic mail at: **investorrelations@uacnplc.com**; or telephone on: +234 906 269 2908 for any investment related enquiry.

UAC of Nigeria Plc
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 September 2020

The Group

		3 months to September 2020	9 months to September 2020	3 months to September 2019	9 months to September 2019 Restated
		N'000	N'000	N'000	N'000
	Notes				
Continuing operations					
Revenue	3	21,164,342	57,797,722	19,153,578	56,820,234
Cost of sales	5	(16,761,900)	(46,402,492)	(15,488,533)	(45,161,404)
Gross profit		4,402,442	11,395,230	3,665,045	11,658,830
Dividends Income		31	9,961	-	-
Other operating income	4	119,999	417,722	997,498	1,187,973
Selling and distribution expenses	5	(1,504,636)	(4,462,405)	(1,530,863)	(4,185,424)
Administrative expenses	5	(1,828,430)	(5,343,066)	(1,573,318)	(4,121,566)
Operating profit		1,189,406	2,017,442	1,558,362	4,539,812
Finance income	6	286,129	789,630	527,770	2,106,128
Finance cost	6	(81,494)	(448,339)	(173,783)	(636,542)
Net finance income		204,635	341,291	353,987	1,469,586
Share of profit of associates and joint venture using the equity method	13	46,473	115,418	-	-
Profit before tax		1,440,514	2,474,151	1,912,349	6,009,398
Income Tax Expense	7	(203,758)	(1,023,576)	(769,649)	(1,618,285)
Profit after tax for the period from continuing operations		1,236,756	1,450,575	1,142,699	4,391,113
Discontinued operations					
Profit/(loss) after tax for the period from discontinued operations	29	(493,072)	451,186	(14,023,512)	(14,677,465)
Profit/(loss) for the period		743,684	1,901,761	(12,880,813)	(10,286,352)
Other comprehensive income:					
<i>Items not to be subsequently recycled to profit or loss</i>					
Net changes in fair value of financial assets	12	6,145	6,145	-	-
Tax on other comprehensive income			-		-
Other comprehensive income for the period net of tax		6,145	6,145	-	-
Total comprehensive income/(loss) for the period net of tax		749,829	1,907,906	(12,880,813)	(10,286,352)
Profit/(loss) attributable to:					
Equity holders of the parent		420,975	1,353,654	(7,881,742)	(6,149,638)
Non controlling interests		322,709	548,107	(4,999,071)	(4,136,714)
		743,684	1,901,761	(12,880,813)	(10,286,352)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		427,120	1,359,798	(7,881,742)	(6,149,638)
Non controlling interests		322,709	548,107	(4,999,071)	(4,136,714)
		749,829	1,907,906	(12,880,813)	(10,286,352)
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share					
From continuing operations	8	31	24	43	119
From discontinued operations	8	(16)	23	(317)	(332)
From(loss)/profit for the period		15	47	(274)	(213)
Diluted Earnings Per Share					
From continuing operations	8	31	24	43	119
From discontinued operations	8	(16)	23	(317)	(332)
From(loss)/profit for the period		15	47	(274)	(213)

For purpose of proper comparison, comparative figures for the period ended 30 September 2019 have been adjusted to align with FY 2020 for change in designation of new disposal groups held for sale/ distribution in line with IFRS 5

UAC of Nigeria Plc
Unaudited Consolidated Statement of Financial Position
as at 30 September 2020

	Notes	The Group	
		30 Sep 2020 N' 000	31 Dec 19 N' 000
Assets			
Non-current assets			
Property, plant and equipment	9	20,484,609	18,919,587
Intangible assets and goodwill	10	1,381,744	1,417,604
Investment property	11	2,400,729	2,400,336
Finance lease receivable		10,375	-
Right of use assets	16	725,081	1,116,407
Debt instrument at amortised cost	14	2,079,795	1,991,907
Equity instrument at fair value through other comprehensive	12	34,916	28,771
Investment in associates	13	4,772,318	-
Prepayment	18	74,524	132,960
Deferred tax asset	21	11,619	11,619
		31,975,710	26,019,191
Current assets			
Inventories	17	12,732,757	16,290,212
Trade and other receivables	18	5,121,859	5,015,319
Cash and Cash equivalents	19	22,746,765	23,891,135
Refund asset	15	12,824	7,384
		40,614,205	45,204,050
Non-current asset held for sale	29	255,436	-
Assets of disposal group classified as held for sale/distribution to owners	29	25,992,143	36,372,022
Total assets		98,837,494	107,595,263
Equity and Liabilities			
Ordinary share capital	27	1,440,648	1,440,648
Share premium	27	18,092,591	18,451,844
Contingency reserve	27	69,571	69,571
Fair value reserve	27	33,915	27,770
Statutory reserve		91,923	91,923
Retained earnings		31,261,893	29,997,824
Equity attributable to equity holders of the Company		50,990,541	50,079,580
Non controlling interests		9,513,628	10,461,832
Total equity		60,504,169	60,541,412
Liabilities			
Non-current liabilities			
Borrowings	20	-	1,850,583
Deferred tax liabilities	21	4,150,461	4,150,461
Lease Liabilities	16	278,678	455,494
Provisions	26	7,387	7,387
		4,436,526	6,463,925
Current liabilities			
Trade and other payables	22	9,201,514	9,960,311
Contract liabilities	24	943,213	669,292
Current income tax liabilities	7	3,492,708	4,510,936
Bank overdrafts and current portion of borrowings	20	2,766,522	4,595,937
Dividend payable	25	5,807,340	5,517,803
Government grant	23	5,171	50,107
Lease liability	16	416,153	526,623
Provisions	26	92,948	95,948
Refund liabilities	15	16,927	8,093
		22,742,496	25,935,050
Liabilities of disposal group classified as held for sale/distribution to owners	29	11,154,303	14,654,876
Total liabilities		38,333,325	47,053,851
Total equity and liabilities		98,837,494	107,595,263

The financial statements and the notes on pages 3 to 30 were approved and authorised before issue by the board of directors on 30 October 2020 and were signed on its behalf by:



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



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



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

The notes on pages 7 to 30 are an integral part of these financial statements.

UAC of Nigeria Plc
 Unaudited Consolidated Statement of Changes in Equity
 for the period ended 30 September 2020

		The Group								
		Attributable to owners of the Company								
Notes	Share Capital	Share Premium	Contingency Reserve	Fair value Reserve	Revaluation Reserve	Retained Earnings	Total	Non controlling Interest	Total	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
	Balance at 1 January 2019	1,440,648	18,451,844	69,571	33,957	91,923	37,796,850	57,884,793	16,188,587	74,073,380
	Profit for the year	-	-	-	-	-	(6,149,638)	(6,149,638)	(4,136,714)	(10,286,352)
	Transactions with Equity holders									
	Dividends	-	-	-	-	-	(1,844,029)	(1,844,029)	(1,143,304)	(2,987,334)
	Balance at 30 September 2019	1,440,648	18,451,844	69,571	33,957	91,923	29,803,183	49,891,126	10,908,569	60,799,694
	Balance at 1 January 2020	1,440,648	18,451,844	69,571	27,770	91,923	29,997,824	50,079,580	10,461,832	60,541,412
	Profit for the year	-	-	-	-	-	1,353,654	1,353,654	548,107	1,901,761
	Right issue cost	27	(359,253)	-	-	-	-	(359,253)	-	(359,253)
	Other comprehensive income									
	Net changes in fair value financial assets	-	-	-	6,145	-	-	6,145	-	6,145
	Transactions with Equity holders									
	Acquisition of shares from non-controlling interest	27	-	-	-	-	(3,788)	(3,788)	(7,595)	(11,383)
	Dividend accruing to UPDC from UNICO	-	-	-	-	-	-	-	4,901	4,901
	Dividends declared	-	-	-	-	-	-	-	(141,130)	(141,130)
	Transactions with NCI									
	Elimination of Non-controlling interest after disposal of MDS	29	-	-	-	-	-	-	(2,283,839)	(2,283,839)
	Disposal of 5.1% shareholding in UPDC	29	-	-	-	-	(85,797)	(85,797)	744,863	659,066
	Right issue of UPDC subscribed	27	-	-	-	-	-	-	186,489	186,489
	Balance at 30 September 2020	1,440,648	18,092,591	69,571	33,915	91,923	31,261,893	50,990,541	9,513,628	60,504,169

UAC of Nigeria Plc
Unaudited Consolidated Statement of Cash Flow
for the period ended 30 September 2020

	Notes	The Group	
		30 Sep 2020 N' 000	30 Sep 2019 N'000
Cash flows from operating activities			
Cash generated from operations	28	6,614,231	(7,210,046)
Corporate tax paid	7	(1,957,242)	(1,963,021)
Net cash flow generated from operating activities		4,656,989	(9,173,067)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3,424,603)	(1,650,725)
Proceeds from sale of property, plant and equipment		95,491	47,273
Purchase of investment properties	11	(393)	(917)
Proceeds from disposal of MDS		438,949	-
Proceeds from sale of investment properties		-	2,665,286
Purchase of intangible assets	10	(3,410)	(63,799)
Interest received	6	789,630	2,106,128
Net cash generated from investing activities		(2,104,336)	3,103,246
Cash flows from financing activities			
Dividends paid to non controlling interests	25	(129,918)	(1,143,304)
Dividends paid to Company shareholders	25	(288,130)	(1,921,724)
Proceeds from borrowings	20	1,440,042	-
Rights issue expenses		(359,253)	-
Repayment of borrowings	20	(5,218,273)	(695,337)
Interest paid on loans	20	(220,628)	-
Repayment of lease liability principal	16	(392,908)	-
Dividend refunded	25	566,456	-
Proceeds of capital injection by non-controlling interest		186,489	66,640
Dividend received		4,901	-
Acquisition of additional interest in subsidiaries		(11,383)	-
Proceeds from disposal of shares		659,066	-
Net cash flow used in financing activities		(3,763,543)	(3,693,725)
Net decrease/increase in cash & cash equivalents		(1,210,890)	(9,763,546)
Impairment on cash and cash equivalent		(15,462)	-
Cash & cash equivalents at the beginning of the year		23,891,134	30,275,249
Effects of exchange rate changes on cash and cash equivalents		81,983	-
Cash & cash equivalents at the end of the period after adjusting for bank overdraft	19	22,746,765	20,511,703

1. General information

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

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

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December 2019.

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

2.4 Financial Risk Management

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

This interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2019. There have been no changes in the risk management structure since year end or in any risk management policy.

2.5 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) UAC of Nigeria Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.

UAC of Nigeria Plc
Notes to the Unaudited Consolidated Financial Statements
for the Period Ended 30 September 2020

3. Segment Analysis

The Group

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

Management has determined the operating segments based on these reports.

The Group has identified the following as segments:

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

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

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

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

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

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

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

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

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

	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	QSR	Logistics	Real Estate	Others	Total
30 September 2020	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Revenue from contract with customers	38,511,614	7,217,893	12,784,869	1,060,556	-	-	365,026	59,939,958
Rental income	-	-	-	-	-	-	177,405	177,405
Total Revenue	38,511,614	7,217,893	12,784,869	1,060,556	-	-	542,431	60,117,363
Intergroup revenue	(1,864,482)	(79,076)	-	-	-	-	(376,083)	(2,319,641)
Revenue to third parties	36,647,132	7,138,817	12,784,869	1,060,556	-	-	166,348	57,797,722
Gross profit	4,627,544	3,076,584	3,272,944	209,149	-	-	209,009	11,395,230
Operating profit/(loss)	1,170,413	1,067,454	662,749	(29,030)	-	-	(854,144)	2,017,442
Profit/(loss) before tax	855,161	1,257,400	686,191	(54,141)	-	-	(270,460)	2,474,151
Profit/(Loss) after tax for the year from discontinued operations	-	-	-	-	3,146,244	(2,696,212)	1,154	451,186
Property, plant and equipment	12,435,686	1,396,586	5,650,515	275,983	-	-	725,840	20,484,609
Net assets	17,244,463	4,915,946	6,927,285	285,005	-	14,375,539	16,755,931	60,504,169

	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	QSR	Logistics	Real Estate	Others	Total
30 September 2019	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Revenue from contract with customers	37,157,022	7,772,992	12,968,374	1,090,198	-	-	376,502	59,365,088
Rental income	-	-	-	-	-	-	184,409	184,409
Total Revenue	37,157,022	7,772,992	12,968,374	1,090,198	-	-	560,911	59,549,497
Intergroup revenue	(2,193,684)	(64,526)	(76,124)	-	-	-	(394,929)	(2,729,263)
Revenue to third parties	34,963,337	7,708,466	12,892,250	1,090,198	-	-	165,982	56,820,234
Gross profit	3,753,340	3,457,780	3,486,732	256,870	-	-	704,108	11,658,830
Operating profit/(loss)	928,984	1,613,351	1,111,356	(30,251)	-	-	916,372	4,539,812
Profit / (Loss) before tax	46,525	1,945,909	1,498,733	(56,075)	-	-	2,574,306	6,009,398
Profit / (Loss) after tax for the year from discontinued operations	-	-	295,565	-	(153,834)	(14,819,196)	-	(14,677,465)
Property, plant and equipment	12,842,719	1,724,191	2,885,391	318,903	-	-	694,548	18,465,752
Net assets	16,454,211	3,483,826	6,252,233	456,376	4,680,386	3,403,505	27,136,857	61,867,395

UAC of Nigeria Plc
Notes to the Unaudited Consolidated Financial Statements
for the Period Ended 30 September 2020

Entity wide information

Analysis of revenue by category:	30 Sep 2020 N'000	30 Sep 2019 N'000
Revenue from contract with customers	57,620,317	56,635,825
Rental income	177,405	184,409
	57,797,722	56,820,234

Analysis of revenue by geographical location:	30 Sep 2020 N'000	30 Sep 2019 N'000
Nigeria	57,797,722	56,820,234
Others	-	-
	57,797,722	56,820,234

Concentration risk

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

Disaggregated Revenue Group

Segments	For the period 30 September 2020							
	Animal Feeds N'000	Paint N'000	Packaged Food N'000	QSR N'000	Logistics N'000	Real Estate N'000	Others N'000	Total N'000
Revenue from contracts with customers								
Sale of goods	36,647,132	7,138,817	12,784,869	1,060,556	-	-	-	57,631,374
Rendering of service	-	-	-	-	-	-	166,348	166,348
Total	36,647,132	7,138,817	12,784,869	1,060,556	-	-	166,348	57,797,722
Geographical Markets								
Nigeria	36,647,132	7,138,817	12,784,869	1,060,556	-	-	166,348	57,797,722
Outside Nigeria	-	-	-	-	-	-	-	-
Total	36,647,132	7,138,817	12,784,869	1,060,556	-	-	166,348	57,797,722
Timing of revenue								
Goods transferred at a point in time	36,647,132	7,138,817	12,784,869	1,060,556	-	-	-	57,631,374
Services transferred over time	-	-	-	-	-	-	166,348	166,348
	36,647,132	7,138,817	12,784,869	1,060,556	-	-	166,348	57,797,722

Disaggregated Revenue Group

For the period 30 September 2019

Segments	Animal Feeds	Paint	Packaged Food	QSR	Logistics	Real Estate	Others	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue from contracts with customers								
Sale of goods	34,963,337	7,708,466	12,892,250	1,090,198	-	-	-	56,654,252
Rendering of service	-	-	-	-	-	-	165,982	165,982
Total	34,963,337	7,708,466	12,892,250	1,090,198	-	-	165,982	56,820,234
Geographical Markets								
Nigeria	34,963,337	7,708,466	12,892,250	1,090,198	-	-	165,982	56,820,234
Outside Nigeria	-	-	-	-	-	-	-	-
Total	34,963,337	7,708,466	12,892,250	1,090,198	-	-	165,982	56,820,234
Timing of revenue								
Goods transferred at a point in time	34,963,337	7,708,466	12,892,250	1,090,198	-	-	-	56,654,252
Services transferred over time	-	-	-	-	-	-	165,982	165,982
Total	34,963,337	7,708,466	12,892,250	1,090,198	-	-	165,982	56,820,234

UAC of Nigeria Plc
Notes to the Unaudited Consolidated Financial Statements
for the Period Ended 30 September 2020

4 Other operating income

	The Group	
	30 Sep 2020	30 Sep 2019
	N' 000	N' 000
Profit on sale of Property,Plant and Equipment	2,753	24,193
Writeback of statute barred unclaimed dividend	-	206,342
Provision writeback	500	-
Rental income	9,065	-
Government grant	61,040	76,548
ECL writeback	20,726	-
Profit on sale of investment property	-	631,286
Insurance claim	311	-
Exchange gain	169,871	1,456
Other income**	153,456	248,148
Total other operating income	417,722	1,187,973

****Other income**

Other income includes service charges and income from professional services, insurance claims, sale of scraps etc.

5 (a) Expenses by Nature

	The Group	
	30 Sep 2020	30 Sep 2019
	N' 000	N' 000
Changes in inventories of finished goods and work in progress	38,998,017	37,800,217
Write off of inventories to net realisable value	35,095	69,290
Personnel expenses	6,180,577	5,362,619
Depreciation charge on property,plant and equipment	1,511,408	1,446,770
Depreciation charge on right-of-use asset	383,574	110,233
Amortisation of intangibles	39,269	79,207
Impairment of property,plant and equipment	-	179,612
Allowance for /(recovery from) receivables impairment	73,852	93,511
Expected credit loss on short term deposits	15,462	-
Royalty fees	201,102	109,387
Rents & Rates	180,892	465,507
Electricity & power	1,682,398	1,541,502
Vehicles repairs, maintenance & fueling	170,876	186,943
Other repairs & maintenance	648,235	445,286
Auditors' remuneration	101,586	111,055
Information technology charge	281,040	240,680
Legal expenses & Professional expenses	204,175	109,985
Donations & Subscriptions	241,462	18,634
Insurance	151,003	120,329
Distribution expenses	2,266,363	2,115,514
Marketing, Advertising & Communication	487,293	768,600
Sundry office expenses	2,354,284	2,093,514
	56,207,963	53,468,395

5 (b) Expenses by Function

Analysed as:

Cost of sales	46,402,492	45,161,404
Selling and distribution expenses	4,462,405	4,185,424
Administrative expenses	5,343,066	4,121,566
	56,207,963	53,468,395

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6. Net finance income/(cost)

	The Group	
	30 Sep 2020	30 Sep 2019
	N' 000	N' 000
Interest income on short-term bank deposits	789,630	2,106,128
Finance Income	789,630	2,106,128
*Interest expense on bank loans	(334,964)	(557,826)
Interest expense on lease liability	(113,374)	(2,168)
Government grant	-	(76,548)
Finance Costs	(448,339)	(636,542)
Net finance income	341,291	1,469,586

*Interest expense on bank loans includes accrued interest of N114m and paid amount of N221m.

7. Taxation

Reconciliation of the tax payable account

	The Group	
	30 Sep 2020	31 Dec 19
	N'000	N'000
Opening balance	4,510,936	6,327,649
Reclassified to assets held for sales	-	(1,999,843)
Income tax expense	1,023,576	2,012,630
Write back of over-provision	-	(89,801)
Withholding tax credit notes utilised	(84,562)	(188,845)
Payment during the year	(1,957,242)	(1,550,854)
Closing balance	3,492,708	4,510,936

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8 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.

(b) Diluted

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

	The Group	
	30 Sep 2020	30 Sep 2019
	N' 000	N' 000
Profit attributable to ordinary equity holders of the parent:		
Profit/(loss) from continuing operations	687,038	3,425,987
Profit/(loss) from discontinued operations	666,616	(9,575,625)
Profit/(loss) for the period	1,353,653	(6,149,638)
Basic & diluted earnings per share		
From continuing operations	24	119
From discontinued operations	23	(332)
From profit for the period	47	(213)

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9. Property, plant and equipment

The Group							
Cost:	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	12,213,243	19,314,220	1,358,839	3,371,956	1,223,020	307,932	37,789,210
Additions	284,552	1,222,439	96,861	608,661	106,803	391,159	2,710,474
Disposals	-	(746,164)	(33,532)	(191,690)	(13,501)	(6,038)	(990,925)
Write Off	-	(683)	-	-	-	(1,096)	(1,779)
Reclassifications	30,133	42,604	2,946	13,458	20,282	(145,635)	(36,212)
Other reclassifications**	-	3	-	-	-	36,209	36,212
Assets of disposal group held for distribution/sale	(3,736,730)	(555,674)	(196,744)	(1,380,100)	(465,102)	5,594	(6,328,756)
At 31 December 2019	8,791,199	19,276,743	1,228,370	2,422,286	871,501	588,125	33,178,225
At 1 January 2020	8,791,199	19,276,743	1,228,370	2,422,286	871,501	588,125	33,178,225
Additions	52,689	584,847	90,502	737,975	43,112	1,915,478	3,424,603
Disposals	-	(183,133)	(1,179)	(220,048)	(3,936)	(3,036)	(411,332)
Assets held for sale	(213,165)	(362,267)	(10,329)	-	(7,710)	-	(593,471)
Reclassifications	5,997	69,132	-	4,750	-	(79,879)	-
At 30 September 2020	8,636,720	19,385,323	1,307,364	2,944,964	902,967	2,420,688	35,598,025
Accumulated depreciation and impairment							
At 1 January 2019	2,631,567	9,342,245	1,070,400	2,046,602	991,183	12,000	16,093,996
Charge for the year	196,553	1,163,296	129,047	275,684	72,193	-	1,836,774
Impairment charge	137,287	444,111	-	-	-	-	137,732
Disposals	-	(741,603)	(27,448)	(132,951)	(10,794)	-	(912,797)
Assets of disposal group held for distribution/sale	(1,077,520)	(418,659)	(169,015)	(840,151)	(391,723)	-	(2,897,068)
At 31 December 2019	1,887,888	9,345,721	1,002,984	1,349,184	660,859	12,000	14,258,637
At 1 January 2020	1,887,888	9,345,721	1,002,984	1,349,184	660,859	12,000	14,258,637
Charge for the year	223,827	896,540	81,798	273,112	36,130	-	1,511,407
Disposals	-	(141,254)	(429)	(173,020)	(3,890)	-	(318,594)
Assets held for sale	(24,197)	(301,119)	(5,741)	-	(6,977)	-	(338,034)
At 30 September 2020	2,087,518	9,799,888	1,078,613	1,449,275	686,122	12,000	15,113,416
Net book values:							
At 30 September 2020	6,549,202	9,585,435	228,751	1,495,688	216,845	2,408,688	20,484,609
At 31 December 2019	6,903,311	9,931,022	225,386	1,073,102	210,642	576,125	18,919,587

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

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

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

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10. Intangible assets and goodwill

Cost	Group				
	Goodwill N' 000	Brands & Trade Marks N' 000	Software N' 000	Capital Work in progress N' 000	Total N' 000
At 1 January 2019	548,747	1,070,185	1,186,039	4,620	2,809,592
Additions - externally acquired during the year	-	-	14,847	-	14,847
At 31 December 2019	548,747	1,070,185	836,150	4,620	2,459,703
At 1 January 2020	548,747	1,070,185	836,150	4,620	2,459,703
Additions - externally acquired during the year	-	-	3,410	-	3,410
At 30 September 2020	548,747	1,070,185	839,560	4,620	2,463,112
Accumulated amortisation and impairment					
At 1 January 2019	-	288,439	995,497	-	1,283,937
Amortisation for the year	-	-	89,192	-	89,192
Assets of disposal group held for distribution/sale	-	-	(331,029)	-	(331,029)
At 31 December 2019	-	288,439	753,660	-	1,042,100
At 1 January 2020	-	288,439	753,660	-	1,042,100
Amortisation for the period	-	-	39,268	-	39,268
At 30 September 2020	-	288,439	792,928	-	1,081,368
Net book values					
At 30 September 2020	548,747	781,746	46,632	4,620	1,381,744
At 31 December 2019	548,747	781,746	82,490	4,620	1,417,604

11. Investment property

Fair value	The Group		
	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
At 1 January 2019	690,035	6,506,628	7,196,663
Additions during the year	-	1,590	1,590
Disposals	-	(380,000)	(380,000)
Impairment of investment properties	-	(219,617)	(219,617)
Assets of disposal group held for sale/distribution	(272,300)	(3,926,000)	(4,198,300)
At 31 December 2019	417,735	1,982,601	2,400,336
At 1 January 2020	417,735	1,982,601	2,400,336
Additions during the period	-	393	393
At 30 September 2020	417,735	1,982,994	2,400,729

Fair value of investment properties is categorised as follows:

	30-Sep-20	The Group		
		Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
Internal valuation		-	-	-
External valuation		417,735	1,982,994	2,400,729
		417,735	1,982,994	2,400,729

Fair value of investment properties is categorised as follows:

	31-Dec-19	The Group		
		Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
Internal valuation		-	-	-
External valuation		417,735	1,982,601	2,400,336
		417,735	1,982,601	2,400,336

12. Equity instrument at fair value through other comprehensive income

The details and carrying amount of equity instruments at fair value through OCI are as follows:

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening Balance	28,771	47,729
Impairment of financial asset	-	(1,229)
Fair value gain	6,145	-
Write-off	-	(17,729)
Closing balance	34,916	28,771

13. Investments in associates

The Group's investment in Associate is on account of its investment in MDS Logistics.

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

	The Group	
	30 Sep 2020 N'000	31 Dec 19 N'000
Opening balance	-	20,017,860
Addition	4,656,900	-
Share of profit	115,418	584,617
Dividend received	-	(956,371)
UPDC Fair Value Loss on UPDC REIT	-	(12,638,216)
Assets of disposal group held for distribution/sale - UPDC	-	(7,007,890)
Closing balance	4,772,318	-

14. Debt instrument at amortised cost	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	1,991,907	-
Additions during the year	-	2,015,218
Exchange gain on revaluation	87,888	-
ECL -Impairment	-	(23,311)
Closing balance	2,079,795	1,991,907

The Group invested in Eurobond assets with the business model of solely holding for principal and interest payment and designated as debt instrument at amortised cost

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at amortised cost comprised solely of quoted eurobonds that are rated by reputable Credit Rating Agency.

Bond type		Stage 1	Stage 2	Stage 3	Total
		N' 000	N' 000	N' 000	N' 000
BB- (Fitch)/BB- (S&P)	FGN 2021	1,453,926	-	-	1,453,926
B- (Fitch)	FIDBAN				
2022		305,167	-	-	305,167
B- (Fitch)/B- (S&P)	SEPLAT				
2023		320,702	-	-	320,702
Total		2,079,795	-	-	2,079,795

15. Right of return assets and refund liabilities

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Right of return assets	12,824	7,384
Refund liabilities		
- Arising from retrospective volume rebates	-	-
- Arising from rights of return	16,927	8,093
	16,927	8,093

Right of return of assets

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

Refund liabilities

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

16.1 Right of use assets

The Group has lease contracts for various items of land and building and machinery and other equipment used in its operations. Leases of land and building generally have lease terms between 1 and 45 years, while machinery and other equipment generally have lease terms between 3 months and 5 years.

Right of use assets	Land and Building	Plant and Machinery	Total
	N' 000	N' 000	N' 000
Opening balance	941,799	174,608	1,116,407
Depreciation expenses	(383,574)	-	(383,574)
Lease termination	(7,752)	-	(7,752)
Closing balance	558,225	174,608	725,081

Set out below are the carrying amounts of lease liabilities and the movements during the period;

16.2 Lease Liabilities	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	982,117	1,152,882
Accretion interest	113,374	185,152
Payments	(392,908)	(355,917)
Lease terminated	(7,752)	-
Closing balance	694,831	982,117
Current	416,153	526,623
Non-current	278,678	455,494
	694,831	982,117

17. Inventories

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Raw materials and consumables	8,926,362	12,440,215
Technical stocks and spares	1,574,657	1,655,627
Finished goods and goods for resale	2,231,738	2,194,371
	12,732,757	16,290,212

18. Trade and other receivables

Receivables due within one year	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Trade receivables	3,050,413	3,126,356
Less: allowance for impairment of trade receivables	(1,283,897)	(1,230,771)
Net trade receivables	1,766,516	1,895,584
Other receivables	1,791,945	1,149,965
Advance payments	4,600	-
WHT receivable	964,658	1,070,382
Prepayments - staff grants	71,606	168,084
Prepayments- Other	522,534	731,303
	5,121,859	5,015,319

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

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

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

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Prepayments - Current	594,140	899,387
Prepayments - Non-current	74,524	132,960
Total prepayments	668,664	1,032,347

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

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

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	1,230,771	1,693,208
(Recovery from)/Allowance for receivables impairment	53,126	(181,754)
Assets of disposal group held for distribution/sale	-	(280,683)
Closing balance	1,283,897	1,230,771

19. Cash and cash equivalents

	The Group	
	30 Sep 2020	31 Dec 19
	N' 000	N' 000
Cash at bank and in hand	5,923,438	5,867,483
Short-term deposits	15,618,055	16,191,616
Expected credit losses on short term deposit	(63,097)	(47,635)
Foreign exchange gain	81,983	-
Cash at banks and short term deposits attributable to discontinued operations	1,186,387	1,879,671
Cash and short-term deposits	22,746,765	23,891,136

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

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

In 2015, Securities and Exchange Commission directed all Registrars to return all unclaimed dividends, which have been in their custody for fifteen months and above, to the paying companies. Included in the cash and short-term deposits is ₦2.7 bn which represents unclaimed dividends received from Africa Prudential Registrars as at 30 September 2020.

(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	
	30 Sep 2020	31 Dec 19
	N' 000	N' 000
Cash and short-term deposits	22,746,765	23,891,136
Balances per statement of cash flow	22,746,765	23,891,136

20. Borrowings

	The Group	
	30 Sep 2020	31 Dec 19
	N' 000	N' 000
Current borrowings		
Overdrafts due within one year	-	-
Loans due within one year	2,766,522	4,595,937
	2,766,522	4,595,937
Non-current borrowings		
Loans due after one year (i)	-	1,850,583
Total borrowings	2,766,522	6,446,520
Opening balance	6,446,520	24,172,361
Repayment of borrowing during the year	(5,218,273)	(4,393,485)
Initial fair value of grant	-	(59,421)
Additional grant received	(16,104)	-
Interest on loans	334,965	806,022
Interest paid	(220,628)	-
Additions	1,440,042	4,479,255
Liabilities of disposal group held for sale/distribution	-	(18,558,212)
Closing balance	2,766,522	6,446,520

The above borrowings are denominated in Naira

The borrowings are repayable as follows:

	The Group	
	30 Sep 2020	31 Dec 19
	N' 000	N' 000
Within one year	2,766,522	4,595,937
Between one to two years	-	1,850,583
	2,766,522	6,446,520

(i) Loans due within one year

Bank	Effective Interest Rate	The Group		Maturity date	Security
		30 Sep 2020	31 Dec 19		
		N' 000	N' 000		
Sterling Bank Plc - Agric Loan	5% (8.5%)	9,734	175,937	Jul-20	No security
CBN CACS Loan	5% (8%)	496,274	1,000,000	Nov-20	No security
BOI - Agric Loan	10.9%	-	1,420,000	Dec-20	No security
Zenith bank (CBN Maize Aggregation)	5% (10.9%)	2,000,000	2,000,000	Dec-20	No security
FSDH	0.0%	260,514	-		
		2,766,522	4,595,937		

The above borrowings are denominated in Naira

(ii) Loans due after one year

Details of the loan maturities due after one year are as follows:	Effective Interest Rate	The Group		Maturity date
		30 Sep 2020	31 Dec 19	
		N' 000	N' 000	
Facility				
Grand Cereals Ltd: Sterling Bank Plc & BOI - Agric loan	8.5%	-	1,850,583	July, 2020
		-	1,850,583	

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21. Deferred Tax

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

	The Group	
	2020	2019
	N'000	N'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	11,619	11,619
– Deferred tax asset to be recovered within 12 months	-	-
	11,619	11,619
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	4,150,461	4,150,461
– Deferred tax liability to be recovered within 12 months	-	-
Net Deferred tax (liabilities) / assets	4,150,461	4,150,461

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

	The Group	
	2020	2019
	N'000	N'000
Opening balance	(4,138,841)	(4,621,286)
Adjustment of opening balance **	-	580,758.00
(Charged)/ credited to profit or loss	-	(98,313)
Closing balance	(4,138,841)	(4,138,841)

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

The Group

Deferred tax assets	PPE	Allowance for impairment on receivables	Tax losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	(5,571)	(52,171)	147,885	-	-	-	90,144
Credited to profit or loss	(92,081)	161,442	(147,885)	-	-	-	(78,525)
At 31 December 2019	(97,652)	109,271	-	-	-	-	11,619
At 1 January 2020	(97,652)	109,271	-	-	-	-	11,619
At 30 September 2020	(97,652)	109,271	-	-	-	-	11,619

The Group has tax losses of ₦300,480,000 that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiary that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

The Group

	PPE	Allowance for impairment on receivables	Tax losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax liabilities							
At 1 January 2019	4,628,055	(533,488)	(1,049,021)	(14,900)	1,979,081	(298,297)	4,711,430
Adjustment of opening balance **	(609,506)	267,620	1,049,021	(1,170)	(1,170,432)	(116,291)	(580,758)
Charged/(credited) to profit or loss	13,955	24,190	-	3,605	(21,962)	-	19,788
At 31 December 2019	4,032,504	(241,678)	-	(12,464)	786,687	(414,588)	4,150,461
At 1 January 2020	4,032,504	(241,678)	-	(12,464)	786,687	(414,588)	4,150,461
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 30 September 2020	4,032,504	(241,678)	-	(12,464)	786,687	(414,588)	4,150,461

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22. Trade and other payables

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Trade payables	2,940,793	5,003,051
Provision for employee leave	6,522	-
Defined contribution benefit	56,434	68,698
Other payables	2,776,125	2,360,760
WHT payable	243,766	83,259
VAT payable	265,546	307,951
PAYE payable	52,542	485
Advance from customers	24,694	199,967
Accruals	2,835,091	1,936,137
Total	9,201,514	9,960,310

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms. Other payables are non-interest bearing and have an average term of 6 months.

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

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

23. Government Grant

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	50,107	-
Amount received during the year	16,104	59,421
Released to the statement of profit or loss	(61,040)	(9,314)
Closing balance	5,171	50,107
Current	5,171	50,107
Non-current	-	-
	<u>5,171</u>	<u>50,107</u>

Government grant relates to government facilities received by Livestock Feeds PLC, at below-market rates of interest. The facilities are meant to assist in the procurement of grains. In the entity, the grant is 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.

24. Contract liabilities

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	669,292	268,686
Deferred during the period	466,533	461,144
Released to the statement of profit or loss	(192,611)	(60,539)
Closing balance	943,213	669,292
Current	943,213	669,292
Non-current	-	-
	<u>943,213</u>	<u>669,292</u>

This relates to consideration paid by customers before the transfers of goods or services. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract.

25. Dividend payable

	The Group	
	30 Sep 2020 N' 000	31 Dec 19 N' 000
Opening balance	5,517,803	5,375,416
Dividend declared	141,130	1,844,029
Dividend paid during the year	(418,048)	(2,073,296)
Statute barred unclaimed dividend/ Statute barred unclaimed dividend written back	-	(206,342)
Unclaimed dividend refunded	566,456	917,917
Assets of disposal group held for distribution/ sale	-	(339,920)
Closing balance	5,807,340	5,517,803

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26. Provisions

The Group	Provisions	Legal claim	Decommissioning liability	Total
	N'000	N'000	N' 000	N' 000
At 1 January 2020	6,000	89,948	7,387	103,335
Unwinding of discount	-	-	-	-
Derecognised on payment	-	(2,500)	-	(2,500)
Provision write back	-	(500)	-	(500)
Additional provision	-	-	-	-
Exchange difference arising on litigation	-	-	-	-
At 30 September 2020	6,000	86,948	7,387	100,335
Current	-	86,948	6,000	92,948
Non-current	6,000	-	1,387	7,387
At 1 January 2019	3,000	90,085	10,874	103,958
Unwinding of discount	3,000	-	3,740	6,740
Additional provision	-	-	3,934	3,934
Provision write back	-	-	(11,161)	(11,161)
Exchange difference arising from litigation	-	(137)	-	(137)
31 December 2019	6,000	89,948	7,387	103,335
Current	-	89,948	6,000	95,948
Non-current	6,000	-	1,387	7,387

Decommissioning liability

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

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

Contingent liabilities

The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed.

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27. Share Capital

Group and Company

	Group	
	Number 000	Amount N' 000
Authorised:		
Ordinary Shares of 50k each	3,000,000	1,500,000
Preference Shares of 50k each	400,000	200,000
Total authorised share capital	3,400,000	1,700,000
Issued and fully paid:		
Ordinary shares of 50k each	2,881,296	1,440,648
Total called up share capital	2,881,296	1,440,648

Movements during the period:

	Group	
	Number of shares 000	Ordinary shares N' 000
Balance at 1 January 2019	2,881,296	1,440,648
Capitalised during the period	-	-
Issue of new shares	-	-
At 31 December 2019	2,881,296	1,440,648
Capitalised during the period	-	-
At 30 September 2020	2,881,296	1,440,648

Nature and purpose of Other Reserves

Share Premium

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

Contingency Reserve

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

Fair value reserve

The fair value reserve relates to the cumulative net change in the fair value of financial instruments measured at fair value through other comprehensive income until the assets are derecognised or impaired.

Right issue

UPDC Right Issue: N15.95b right issue was completed and allotment proposal approved by Security and Exchange Commission (SEC) on the 20th of April 2020. Related issuance cost of N359.2m was borne by the owners of the company.

Acquisition of shares from Non-controlling interest

Additional investment was made into Portlant Paints and Products Nigeria Plc in April 2020 increasing the shareholding of the parent company in the subsidiary to 85.98%.

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

	Notes	Group	
		30 Sep 2020 N' 000	30 Sep 2019 N' 000
Profit before tax from continuing operations		2,474,151	6,009,398
Loss before tax from discontinued operations		513,640	(14,321,061)
Adjustment for net finance (income)/costs	6	(341,291)	1,469,586
Operating profit		2,646,500	(6,842,077)
Amortisation of intangible assets	5	39,269	79,207
Share of associate and joint ventures' profit		-	-
Impairment of financial assets	3	(0)	-
Depreciation charge on property, plant and equipment	5	1,511,408	1,446,770
Depreciation charge on leases	5	383,574	110,233
Interest received		-	-
Interest paid		-	-
Expected credit loss writeback		(20,726)	-
Expected credit loss on cash equivalent	5	15,462	-
Expected credit loss	5	73,852	93,511
Effects of exchange rate changes	3	(169,871)	(1,456)
Unwinding of government grant	3	(61,040)	(76,548)
Share of profit in associate		(115,418)	-
Impairment charges on PPE		-	179,612
Losses on completed projects		3	-
Write off of PPE		-	-
Profit on sale of disposal of subsidiary	29	(3,146,244)	-
Loss on sale of investment property		-	(631,286)
Loss (Profit) on sale of tangible PPE	5	(2,753)	(24,193)
Operating cash flows before movements in working capital		1,154,016	(5,666,227)
Movements in working capital:			
Changes in inventories		3,557,455	14,491,774
Changes in trade and other receivables and prepayments		(185,791)	(11,407,907)
Changes in contract liabilities		273,921	(162,782)
Changes in trade and other payables		(758,797)	(9,997,082)
Changes in finance lease receivable		(10,375)	-
Changes in right of return asset		(5,440)	427
Changes in refund liability		8,834	(632)
Changes in provision		(3,000)	-
Net cash (used in)/ from operations - continuing operations		4,030,823	(12,742,429)
Changes in assets and liabilities of disposal group held for distribution/sale		2,583,408	5,532,383
Net cash from operations - discontinued operations		2,583,408	5,532,383
Net cash (used in)/ from operations		6,614,231	(7,210,046)

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29 (i) Assets held for sale

Part of a manufacturing facility within the Paints segment is presented as asset held for sale following the commitment of the board on November 2019 to selling the asset, an active plan of sale has commenced and in the The disposal group are measured in accordance with the applicable accounting policy (IFRS 5) and are no longer depreciated.

	30 Sep 2020
Property, plant and equipment (Note 9)	<u>255,436</u>

29 (ii) Disposal group held for sale and discontinued operations

Disposal group held for distribution to owners

UPDC PLC

UACN entered into a binding agreement to sell 51% of its shareholding in UPDC to Custodian Investment Plc. The first tranche of the transaction resulting in a disposal of 5.1% has been carried out. Consequent to the sale, UACN owns 88.75% of UPDC. Hence, UPDC will continue to be classified as discontinued operations.

	N'000
Cash consideration	662,591
Transaction charges	(3,524)
Carrying amount of net asset disposed	<u>(744,864)</u>
Loss on disposal	<u>(85,797)</u>

UNICO CPFA Limited (UNICO)

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

Exception to one year requirement:

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. As part of the voluntary winding up process, the assets of UNICO has been sold and liabilities settled. The winding up process is to be concluded in FY 2020.

MDS Logistics (MDS)

On July 2019, UACN entered into an agreement to sell 8% of its shareholding in MDS to Imperial Capital Limited (ICL). Consequent to the sale, UACN will own 43% of MDS thereby ceding control. As at period end June 2020, the transaction has been concluded, hence profit from the disposal of MDS has been reported under IFRS 5 as non current asset held for disposal/distribution and discontinued operations.

	N'000
Cash consideration	866,400
*Share of net asset of subsidiary	(2,377,056)
Investment in associate	<u>4,656,900</u>
Profit on disposal of discontinued operations	<u>3,146,244</u>

Cash proceed from sale as shown in cash flow statement

	N'000
Cash proceed from disposal	866,400
Less cash and cash equivalent balance	<u>(427,451)</u>
Net cash proceed from disposal	<u>438,949</u>

* Total net asset of subsidiary prior to disposal was N4.66bn, the share attributable to NCI amounted to N2.28bn.

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

	UPDC 30-Sep-20 N'000	UNICO 30-Sep-20 N'000	TOTAL 30-Sep-20 N'000	UPDC 31-Dec-19 N'000	UNICO 31-Dec-19 N'000	MDS Logistics 31-Dec-19 N'000	TOTAL 31-Dec-19 N'000
Assets							
Non-current assets:							
Property, plant and equipment	33,428	2,920	36,348	22,852	2,920	4,496,715	4,522,487
Intangible assets	7,230	-	7,230	13,517	-	59,366	72,883
Investment properties	2,020,050	-	2,020,050	2,381,502	-	-	2,381,502
Investments in joint ventures	129,589	-	129,589	129,589	-	-	129,589
Right of use asset	-	-	-	-	-	1,174,159	1,174,159
Deferred tax asset	-	945	945	-	945	-	945
	2,190,297	3,865	2,194,161	2,547,460	3,865	5,730,240	8,281,565
Current assets							
Inventories	5,582,168	-	5,582,168	5,721,126	-	1,189,118	6,910,244
Trade and other receivables	3,760,805	-	3,760,805	4,156,361	-	1,377,403	5,533,764
Income tax asset	-	-	-	-	-	330,901	330,901
	9,342,972	-	9,342,972	9,877,487	66,096	2,897,422	12,841,005
Assets of disposal group classified as held for sale/ distribution to owners - UHL	14,455,010	-	14,455,010	15,249,451	-	-	15,249,451
Total	25,988,279	3,865	25,992,143	27,674,398	69,961	8,627,662	36,372,022
Liabilities							
Non-current liabilities							
Borrowings	4,267,298	-	4,267,298	4,263,957	-	-	4,263,957
Lease liability	-	-	-	-	-	987,463	987,463
Deferred taxation liabilities	72,537	-	72,537	72,537	-	741,997	814,534
Deferred revenue	3,560	-	3,560	4,736	-	-	4,736
	4,343,395	-	4,343,395	4,341,230	-	1,729,460	6,070,690
Current liabilities							
Trade and other payables	5,382,054	34,089	5,416,143	4,510,908	48,952	2639272	7,199,132
Current income tax liabilities	67,118	8,004	75,122	115,522	8,004	-	123,526
Interest bearing Loans and Borrowings	9,186	-	9,186	8,215	-	-	8,215
Dividend Payable	325,549	-	325,549	339,920	-	-	339,920
Contract liabilities	125,577	-	125,577	110,767	-	-	110,767
	5,909,484	42,094	5,951,578	5,085,332	56,956	2,639,272	7,781,560
Liabilities of disposal group classified as held for sale/distribution to owners - UHL	859,330	-	859,330	802,626	-	-	802,626
Total	11,112,209	42,094	11,154,303	10,229,188	56,956	4,368,732	14,654,876

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

	MDS	UNICO	UPDC	TOTAL	WSWNL	MDS	UPDC	TOTAL
	30-Sep-20	30-Sep-20	30-Sep-20	30-Sep-20	30-Sep-19	30-Sep-19	30-Sep-19	30-Sep-19
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue	-	2,099	413,893	415,992	-	3,727,475	1,894,515	5,621,990
Cost of sales	-	-	(348,614)	(348,614)	-	(3,165,255)	(1,514,355)	(4,679,610)
Gross profit	-	2,099	65,279	67,378	-	562,220	380,160	942,380
FV loss/write down of investment properties	-	-	-	-	-	-	-	-
(Loss)/Gain on disposal of investment properties	-	-	(43,375)	(43,375)	-	-	(115,150)	(115,150)
Other (loss)/income	-	(945)	99,731	98,786	-	16,777	21,989	38,766
Impairment losses (Investment in associate)	-	-	-	-	-	-	(12,375,719)	(12,375,719)
Selling and distribution expenses	-	-	(44,111)	(44,111)	-	(42,774)	(70,787)	(113,561)
Administrative expenses	-	-	(503,297)	(503,297)	-	(446,399)	(596,888)	(1,043,287)
Guarantee on First Festival Mall Loan	-	-	(775,920)	(775,920)	-	-	-	-
Operating profit/(loss)	-	1,154	(1,201,693)	(1,200,539)	-	89,824	(12,756,395)	(12,666,571)
Finance income	-	-	3,051	3,051	-	103,234	3,381	106,615
Finance cost	-	-	(578,352)	(578,352)	-	(113,409)	(1,754,348)	(1,867,757)
Share of profit of associates and Joint ventures	-	-	-	-	-	-	584,920	584,920
(Loss)/Profit before tax	-	1,154	(1,776,994)	(1,775,840)	-	79,649	(13,922,442)	(13,842,793)
Tax expense:								
Related to pre-tax loss from the ordinary activities for the period	-	-	(62,454)	(62,454)	-	(233,483)	(122,921)	(356,404)
Loss after tax	-	1,154	(1,839,448)	(1,838,294)	-	(153,834)	(14,045,363)	(14,199,197)
Profit/(loss) from discontinued operation	3,146,244	-	(114,752)	3,031,492	295,565	-	(142,950)	152,615
Impairment of assets of disposal group held for sale	-	-	(742,012)	(742,012)	-	-	(630,883)	(630,883)
Profit/(loss) from discontinued operations	3,146,244	1,154	(2,696,212)	451,186	295,565	(153,834)	(14,819,196)	(14,677,465)
Other Comprehensive income								
Total comprehensive income/(loss) for the period net of tax	3,146,244	1,154	(2,696,212)	451,186	295,565	(153,834)	(14,819,196)	(14,677,465)

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

UPDC provided a Revenue Guarantee of \$2million (Two Million Dollars) only for a loan taken by First Festival Mall Ltd, a Joint Venture. The loan has fallen due and First Festival Mall Ltd. was not able to repay. As a result of this, the lender called on the guarantee in May 2020. A provision has been made for this guarantee to the tune of \$2million (Two Million Dollars) only at the exchange rate of N1 - \$387.96.