



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

uacn property development company plc RC.321582

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Directors: B. Kasali (Chairman), F. B. Aiyesimoju (CEO), A.F. Taiwo (Mrs.) (COO), Arc. H.T. Alao (Mrs.), A.A. Bello, A.O. Awojobi, Prof. O.A. Ansa, A. Ajumogobia (Mrs.)

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UACN PROPERTY DEVELOPMENT COMPANY PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

		The Group			
	Notes	3 months ended 30/09/18 N'000	9 months ended 30/09/18 N'000	3 months ended 30/09/17 N'000	9 months ended 30/09/17 N'000
Revenue	3	789,012	1,989,121	921,003	3,136,090
Cost of sales	5	(679,601)	(1,783,739)	(667,817)	(2,762,740)
Gross profit		109,411	205,383	253,186	373,350
(Loss)/Gain on disposal of investment properties		(652,708)	(629,726)	1,043,993	1,525,426
Selling and distribution expenses	5	(18,719)	(72,317)	(37,473)	(108,603)
Administrative expenses	5	(243,031)	(533,929)	(235,212)	(504,142)
Other operating income	4i	86,319	543,103	42,613	351,023
Other project losses	4iii	-	(3,500)	(10,066)	(120,672)
Operating (loss)/ profit		(718,728)	(490,986)	1,057,040	1,516,381
Finance income	6	12,060	20,972	116,610	418,528
Finance cost	6	(1,299,519)	(3,522,315)	(886,226)	(3,941,054)
Net finance cost		(1,287,460)	(3,501,343)	(769,616)	(3,522,526)
Share of profit of associates		(13,777)	564,528	280,714	923,571
Share of Loss of Joint Ventures		-	(117,189)	(106,590)	(319,769)
Operating loss before impairment		(2,019,965)	(3,544,990)	461,549	(1,402,343)
Impairment of receivable in JVs	7	(984,649)	(984,649)	(500,940)	(500,940)
Loss before taxation		(3,004,614)	(4,529,639)	(39,391)	(1,903,283)
Taxation	8	(31,253)	(111,458)	(86,755)	(130,062)
Loss from continuing operations		(3,035,867)	(4,641,097)	(126,146)	(2,033,345)
Discontinued operations					
Loss from discontinued operations	25	(16,069)	(119,770)	(29,359)	(185,544)
Loss for the period		(3,051,936)	(4,760,867)	(155,505)	(2,218,888)
Other comprehensive income for the period net of taxation		-	-	-	-
Total comprehensive income/(Loss) for the period		(3,051,936)	(4,760,867)	(155,505)	(2,218,888)
Profit/ (Loss) attributable to:					
Equity holders of the parent		(2,922,902)	(4,743,809)	(150,593)	(2,209,054)
Non controlling interest		(4,988)	(17,058)	(4,912)	(9,834)
Total Profit/(Loss)		(2,927,890)	(4,760,867)	(155,505)	(2,218,888)
Total comprehensive income/(Loss) attributable to:					
Equity holders of the parent		(2,922,902)	(4,743,809)	(150,593)	(2,209,054)
Non controlling interests		(4,988)	(17,058)	(4,912)	(9,834)
Total comprehensive income/(Loss)		(2,927,890)	(4,760,867)	(155,505)	(2,218,888)
Earnings per share for profit attributable to the equity holders of the group:					
Basic Earnings Per Share (Kobo)	9	(112)	(183)	(6)	(85)
Diluted Earnings Per Share (Kobo)	9	(112)	(183)	(6)	(85)

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2018

		The Group	
		30 Sept. 2018	31 Dec. 2017
		N'000	N'000
	Notes		
Assets			
Non-current assets			
Property, plant and equipment	10	52,336	76,063
Intangible assets	11	29,357	37,894
Investment properties	12	5,397,175	10,423,675
Investments in joint ventures	13	73,606	190,795
Investments in associates	13	19,170,060	18,918,826
Available-for-sale financial assets	14	10,000	10,000
Investments in subsidiaries	15	-	-
Deferred taxation assets		621,756	621,756
		25,354,290	30,279,010
Current assets			
Inventories	16	10,192,910	11,539,283
Trade and other receivables	17	7,914,874	9,605,741
Cash at bank and in hand	18	2,004,969	860,025
		20,112,753	22,005,048
Assets of disposal group classified as held for sale/distribution to owners	25	12,249,062	12,294,007
Total assets		57,716,104	64,578,063
Equity			
Share capital		1,299,198	1,299,198
Share premium		6,065,397	6,065,397
Retained earnings		21,695,869	26,439,679
Equity attributable to equity holders of the Company		29,060,464	33,804,273
Non controlling interest		(182,908)	(165,849)
Total equity		28,877,556	33,638,424
Liabilities			
Non-current liabilities			
Interest bearing Loans and Borrowings	19	4,355,000	666,667
Deferred revenue	21	1,559	3,192
		4,356,559	669,859
Current liabilities			
Trade and other payables	20	7,895,220	9,432,689
Current income tax liabilities		842,578	1,022,098
Interest bearing Loans and Borrowings	19	14,600,204	18,623,866
Dividend Payable		339,920	359,688
Deferred revenue	21	76,609	156,823
		23,754,531	29,595,163
Liabilities of disposal group classified as held for sale/distribution to owners	25	727,458	674,617
Total liabilities		28,838,548	30,939,639
Total equity and liabilities		57,716,104	64,578,063

The financial statements on pages 1 to 4 were approved and authorised for issue by the board of directors on 29 October 2018 and were signed on its behalf by:



Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973



Adeniyun F. Taiwo
Chief Operating Officer
FRC/2013/ICAN/0000000723



Olugbenga E. Fagbami
Financial Accountant
FRC/2018/ICAN/00000018050

The notes on pages 5 to 15 are an integral part of these consolidated financial statements

UACN PROPERTY DEVELOPMENT COMPANY PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30TH SEPTEMBER 2018

THE GROUP
Attributable to owners of the Company

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2017	859,375	3,943,273	29,371,754	34,174,401	(150,287)	34,024,114
Loss for the period	-	-	(2,209,054)	(2,209,054)	(9,834)	(2,218,888)
Balance at 30 September 2017	859,375	3,943,273	27,162,700	31,965,347	(160,121)	31,805,226
Balance at 1 January 2018	1,299,198	6,065,397	26,439,679	33,804,272	(165,849)	33,638,423
Loss for the period	-	-	(4,743,809)	(4,743,809)	(17,058)	(4,760,867)
Balance at 30 September 2018	1,299,198	6,065,397	21,695,869	29,060,464	(182,908)	28,877,555

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30TH SEPTEMBER 2018

	The Group	
	2018	2017
	September	September
	N'000	N'000
Cash flow from operating activities (Note 22)	425,085	467,589
Company Income Tax paid	(92,893)	-
Capital Gains Tax Paid	(116,291)	(1,409)
VAT paid	(358,477)	(98,003)
Net Cash inflow from operating activities	(142,575)	368,177
Cash flow from investing activities		
Proceeds from sale of investment property	4,807,024	5,989,405
Purchase of property, plant & equipment	(1,772)	(26,958)
Purchase of intangible asset	(2,930)	(6,010)
Proceeds from sale of property, plant and equipment	8,589	3,945
Additions of investment properties	-	(15,819)
Cash Distribution from UPDC REIT	313,294	400,027
Interest received	20,972	418,528
Net cash flow from investing activities	5,145,176	6,763,118
Cash flow from financing activities		
Proceed from right issue	-	9,291
Transaction costs on right issue	-	(76,991)
Proceeds from borrowings - Note 19 (iii)	2,260,988	1,106,560
Repayment of borrowings - Note 19 (iii)	(2,262,800)	(4,221,538)
Interest paid	(3,522,315)	(3,941,054)
Recovery of excess bank charges	-	265,244
Net cash flow from financing activities	(3,524,127)	(6,858,487)
Net increase/(decrease) in cash and cash equivalents	1,478,474	272,808
Net foreign exchange difference	(15)	275
Cash and cash equivalents at the beginning of the period	526,509	(863,383)
Cash and cash equivalents at the end of the period (Note 18)	2,004,969	(590,300)

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

✓ **1. General information**

UAC Property Development Company Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in the Nigeria. The Group has business with activities in the following principal sectors: real estate and hotel management. The address of the registered office is 1-5 Odunlami Street, Lagos.

The company is a public limited company and is listed on the Nigerian Stock Exchange.

✓ **2. Summary of significant accounting policies**

✓ **2.1 Basis of preparation**

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

(All amounts are in Naira thousands unless otherwise stated)

✓ **2.2 Accounting Policies**

The accounting policies adopted are consistent with those for the year ended 31 December, 2017.

✓ **2.3 Estimates**

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

✓ **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 2017. There have been no changes in the risk management structure since year end or in any risk management policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Segment Analysis

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

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at September 30, 2018, UPDC Plc operations comprised one main business segments which is Property development, sales and management.

Property development, sales & management - UACN Property Development Plc (UPDC) main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the luxury, premium and classic segments of the real estate market in Nigeria. The company approaches property planning from the customers' perspective to create comfortable living/working environments.

The following measures are reviewed by Exco:

Revenue to third parties
Earnings before interest and tax
Profit before tax
Net current assets
Property, plant and equipment

	30 Sept. 2018 N'000	30 Sept. 2017 N'000
Total Revenue	1,989,121	3,136,090
Earnings before interest and tax	(490,986)	1,516,381
Loss before tax	(4,529,639)	(1,903,283)
Net current assets	(3,641,778)	(8,014,123)
Property, plant and equipment	52,336	93,212

Entity wide information

Analysis of revenue by category:

	30 Sept. 2018 N'000	30 Sept. 2017 N'000
Sale of Property Stock	1,312,078	2,275,706
Share of James Pinnock Sale of Property Stock	280,755	338,066
Rental income & Management Fee on Rent	244,884	380,375
Project and Management Surcharge Income	151,404	141,943
	1,989,121	3,136,090

Analysis of revenue by geographical location:

	30 Sept. 2018 N'000	30 Sept. 2017 N'000
Nigeria	1,989,121	3,136,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 (i). Other Income

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Investment income	2,250	1,170
Sales commission received	7,653	3,164
Infrastructure, transfer and title regularisation fees	211,148	69,375
Gain on disposal of PPE	5,238	3,890
Exchange (loss)/gain	(15)	275
Service charge received from Golden Tulip Hotel	6,829	7,905
Recovery from property sold/excess bank charges	310,000	265,244
Total other income	543,103	351,023

4 (ii) Share of profit of associate

564,528 923,571

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. The REIT is a property fund backed by five (5) major investment properties located in Lagos, Abuja and Aba. The REIT's income comprises of rental income from the property assets and interest earned from short term investments in money market instruments and other real estate related assets. UPDC held 61.5% of the fund as at 31 August 2018. The share of profit recognised in the group financial statements relates to UPDC's share of the REIT's profit.

4 (iii) Other Project Losses

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Losses on Projects	3,500	120,672
	3,500	120,672

These are additional expenses post project completion.

5 (i) Expenses by nature

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Change in inventories of finished goods and other direct costs of inventories	1,654,647	2,632,018
Direct operating expenses for Investment properties	86,140	63,279
Personnel expenses	326,816	361,226
Depreciation & Amortization	33,780	34,354
Vehicles repairs, maintenance & fueling	3,172	5,215
Other repairs & maintenance	473	26
Legal expenses	24,874	68,479
Professional fees	135,416	44,100
Directors' emoluments	49,691	54,032
UACN management fee	17,938	29,379
Information Technology	33,870	46,006
Printing and stationery	2,107	1,352
Insurance	9,963	12,478
Marketing expenses	11,096	23,542
	2,389,984	3,375,485

5 (ii) Expenses by function

Cost of sales	1,783,739	2,762,740
Selling and distribution expenses	72,317	108,603
Administrative expenses	533,929	504,142
	2,389,984	3,375,485

6. Net Finance Income/(Cost)

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Finance Income	20,972	418,528
Interest payable on borrowings	(3,451,405)	(3,831,470)
Interest payable on bank overdraft	(70,910)	(109,583)
Finance Costs	(3,522,315)	(3,941,054)
Net Finance Cost	(3,501,343)	(3,522,526)

7. Impairment of Receivables in Joint Ventures

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Receivable in UPDC Metro City Ltd	595,453	130,000
Receivable in First Restoration Dev. Co. Limited	71,727	170,940
Receivable in Pinnacle Apartment Development Limited	244,155	200,000
Receivable in Galaxy Mall	73,314	-
	984,649	500,940

8. Taxation

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
<i>Current tax</i>		
Nigeria corporation tax charge for the period	111,458	130,062
Total current tax charge	111,458	130,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. 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 excluding ordinary shares purchased by the company and held as treasury shares.

	The Group		The Company	
	Sept. 2018	Sept. 2017	Sept. 2018	Sept. 2017
Loss attributable to ordinary equity shareholders (NGN'000)	(4,743,809)	(2,209,054)	(4,775,142)	(1,713,576)
Basic earnings per share (Kobo)	(183)	(85)	(184)	(66)
Diluted earnings per share (Kobo)	(183)	(85)	(184)	(66)

	The Group		The Company	
	Sept. 2018 Number ('000)	Sept. 2017 Number ('000)	Sept. 2018 Number ('000)	Sept. 2017 Number ('000)
Basic weighted average and Diluted weighted average number of shares	2,598,396	2,598,396	2,598,396	2,598,396

(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.

10. Property, plant and equipment

The Group

	Leasehold land and buildings N'000	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
Cost						
At 1 January 2017	14,515,138	255,098	810,762	1,514,953	131,179	17,227,129
Addition	-	-	24,123	1,541	935	26,598
Disposals	-	(10,023)	(11,188)	(2,668)	(4,164)	(28,043)
Assets held for sale	(14,515,138)	(72,506)	(683,765)	(1,456,848)	(70,892)	(16,799,150)
At 31 December 2017	-	172,568	139,932	56,977	57,057	426,534
At 1 January 2018	-	172,568	139,932	56,977	57,057	426,534
Addition	-	-	-	740	1,032	1,772
Disposals	-	(26,780)	(4,737)	(341)	(933)	(32,791)
At 30 September 2018	-	145,788	135,194	57,377	57,156	395,515

Accumulated depreciation and impairment

At 1 January 2017	2,565,861	197,654	803,845	1,294,391	119,135	4,980,886
Charge for the period	-	12,734	16,365	4,757	3,002	36,857
Disposals	-	(10,023)	(10,069)	(2,439)	(4,164)	(26,695)
Assets held for sale	(2,565,861)	(52,598)	(708,716)	(1,247,090)	(66,312)	(4,640,577)
At 31 December 2017	-	147,766	101,425	49,619	51,660	350,470
At 1 January 2018	-	147,766	101,425	49,619	51,660	350,470
Charge for the period	-	7,208	10,660	2,406	2,039	22,313
Disposals	-	(24,762)	(3,769)	(307)	(766)	(29,604)
At 30 September 2018	-	130,211	108,316	51,718	52,933	343,179

Net book values

At 30 September 2018	-	15,576	26,878	5,659	4,223	52,336
At 31 December 2017	-	24,802	38,507	7,358	5,397	76,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Intangible assets

Cost	The Group
	Software N'000
At 1 January 2017	318,909
Additions	6,010
Assets held for sale	(39,555)
At 31 December 2017	285,364
At 1 January 2018	285,364
Additions	2,930
At 30 September 2018	288,294

Amortisation

At 1 January 2017	267,507
Amortisation for the period	14,503
Disposals	
Assets held for sale	(34,540)
At 31 December 2017	247,470
At 1 January 2018	247,470
Amortisation for the period	11,467
At 30 September 2018	258,937

Net book values

At 30 September 2018	29,357
At 31 December 2017	37,894

12. Investment property

Fair value	The Group		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 1 January 2017	441,050	16,213,270	16,654,320
Additions	1,286	15,819	17,104
Disposals	-	(6,101,095)	(6,101,095)
Net loss from fair value adjustments on investment properties	(19,336)	(127,319)	(146,654)
At 31 December 2017	423,000	10,000,675	10,423,675
At 1 January 2018	423,000	10,000,675	10,423,675
Additions	-	-	-
Transfer from properties under construction	140,000	-	140,000
Disposals	(297,000)	(4,869,500)	(5,166,500)
At 30 September 2018	266,000	5,131,175	5,397,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Investments in associates and equity accounted joint ventures

Principal investments	The Group		Sept. 2018	Dec. 2017
	Sept. 2018	Dec. 2017		
Investment in Associate - UPDC REIT	N'000	N'000	% holding	% holding
At 1 January	18,918,826	19,214,990	61.5%	61.5%
Share of profit	564,528	829,385		
Dividend received	(313,294)	(1,125,550)		
	19,170,060	18,918,826		

Investment in Joint Ventures	The Group		Sept. 2018	Dec. 2017
	Sept. 2018	Dec. 2017		
	N'000	N'000	% holding	% holding
UPDC Metro City Limited	-	-	60.0%	60.0%
First Festival Mall Limited	-	117,189	45.0%	45.0%
Transit Village Dev. Co. Ltd	73,606	73,606	40.0%	40.0%
	73,606	190,796		

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

	The Group	
	Sept. 2018	Dec. 2017
	N'000	N'000
At 1 January	190,795	481,289
Share of (loss)/ profit of First Festival Mall Limited	(117,189)	(290,283)
Impairment of investment in First Festival Mall Limited	-	(210)
	73,606	190,795

14. Available for sale financial asset

	The Group	
	Sept. 2018	Dec. 2017
	N'000	N'000
Investment in UNICO CPFA Limited	10,000	10,000

This represents 6.7% holding in the ordinary share capital of UNICO CPFA Limited, a company incorporated and Investments in unquoted equity is classified as Available for sale instrument and is carried at cost. The fair value cannot be determined as the company is not listed in an active market and there are no reliable data or input to calculate the fair value.

15. Investments in subsidiaries

	The Group		% Shareholding	
	Sept. 2018	Dec. 2017	Sept. 2018	Dec. 2017
	N'000	N'000	N'000	N'000
UPDC Hotels Limited 2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94.70	94.70
Manor Gardens 53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.50	67.50
	2,136,310	2,136,310		
Impairment of investments	(2,136,310)	(2,136,310)		
	-	-		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16(i). Inventories

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Non trade stock	7,383	15,813
Properties under construction (note 16ii)	10,185,527	11,523,469
	10,192,910	11,539,283

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

16(ii). Properties under construction

Cost	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Balance 1 January	11,523,469	12,672,132
Additions	309,741	1,282,531
Transfer to Investment Properties	(140,000)	-
Disposal	(1,445,346)	(2,348,246)
Impairment of Pineville, Asaba	(62,338)	-
Impairment of Vintage Gardens	-	(82,948)
	10,185,527	11,523,469

17. Trade and other receivables

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Trade receivables	1,708,371	2,130,288
Less: provision for impairment of trade receivables	(128,000)	(133,254)
Net trade receivables	1,580,371	1,997,034
Receivables from group companies (Note 23)	5,951,029	7,024,575
Other receivables	283,171	544,194
Advances to staff	100,302	39,937
	7,914,874	9,605,741

Analysis of other receivables

Mobilization payments to contractors	83,380	172,038
Prepayments and accrued income	5,863	14,566
WHT Receivables	36,685	121,531
Unutilised WHT credit notes	115,380	103,847
VAT Receivables	144	75,769
Other Debtors	41,720	56,442
	283,171	544,194

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

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
At 1 January	133,254	128,507
Provision for receivables impairment	-	4,747
Bad debt written off	(5,254)	-
	128,000	133,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Cash and cash equivalents

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Cash at bank and in hand	1,372,294	222,063
Short term investment	632,675	637,961
	2,004,969	860,025
Less: bank overdrafts (included in borrowings, note 19)	-	(333,516)
Cash and cash equivalents	2,004,969	526,508

Offsetting of bank overdraft against cash at bank and in hand is only for the purpose of the statement of cash flow.

19. Interest bearing Loans and Borrowings

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Current borrowings		
Bank Overdrafts	-	333,516
Commercial papers dues within one year	14,600,204	16,694,216
Loans due within one year (i)	-	1,596,134
	14,600,204	18,623,866
Non-current borrowings		
Term Loans due after one year (i)	-	666,667
5-year bond	4,355,000	-
	4,355,000	666,667
Total borrowings	18,955,204	19,290,533

(i) Loans

The Group	Amount due		Tenor	Repayment terms	Security
	Sept. 2018 N'000	Dec. 2017 N'000			
Details of the loan maturities are as follows:					
FSDH Merchant Bank Ltd	-	2,000,000	23 months	Quarterly	Equitable
Diamond Bank Plc	-	262,800	6 months	Monthly	mortgage
	-	2,262,800			

The average interest rate for facilities during the period was 16.96% (2017 was 23.5%).

All covenants attached to borrowings have been complied with throughout the period.

Total borrowing cost of N47.3 million (2017: N319 million) have been capitalised into various projects using weighted average rate of 18.5%.

(ii) Commercial papers

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
First Bank of Nigeria Limited	-	270,500
Commercial Paper	14,600,204	16,423,716
Total Commercial Papers	14,600,204	16,694,216

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

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Balance as at 1 January	19,290,533	22,607,800
Proceeds from borrowings	2,260,988	1,372,242
Repayment of borrowings	(2,262,800)	(4,070,533)
Repayment of bank overdrafts	(333,516)	(618,977)
	18,955,205	19,290,533

20. Trade and other payables

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Trade payables	3,509,362	3,843,929
Amounts owed to other related parties (Note 23)	2,790,532	3,829,750
	6,299,894	7,673,679
Provision for employee leave	596	3,293
VAT/WHT Payables	374,759	411,388
Other payables	371,203	364,120
Provisions/Accruals	848,767	980,209
Total	7,895,220	9,432,689

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate its fair value due to their short term maturity period and no significant discounts is expected on payments of the obligations.

21. Deferred revenue

Deferred revenue are rentals received in advance which are recognized in the income statement when earned.

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Within one year	76,609	156,823
Greater than one year	1,559	3,192
	78,168	160,015

The Group 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 from 1 year to 2 years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases as classified as Investment Properties and fair valued annually based on the group's accounting policy and in line with the requirements of IAS 40".

Movement in the deferred revenue is as follows:

	The Group	
	Sept. 2018 N'000	Dec. 2017 N'000
Opening balance	160,015	224,735
Rental received in the period	163,038	423,006
Less amount released to Comprehensive Income	(244,884)	(487,727)
Balance carried forward	78,168	160,015

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

	The Group	
	Sept. 2018 N'000	Sept. 2017 N'000
Loss before tax	(4,529,639)	(1,903,283)
Adjustment for non cash items:		
Depreciation	22,313	20,947
Impairment of receivables	984,649	500,940
Other project losses	3,500	120,672
Amortization of intangible asset	11,467	9,816
(Gain)/ Loss on disposal of investment properties	629,726	(1,525,426)
(Profit)/ Loss on disposal of property, plant and equipment	(5,238)	(3,890)
Finance cost	3,522,315	3,941,054
Finance income	(20,972)	(418,528)
Exchange (gain)/ Loss	15	(275)
Dividend received from UPDC REIT	-	-
Share of profit of UPDC REIT	(564,528)	(923,571)
Share of loss of Joint Ventures	117,189	319,769
	141,193	138,225
Changes in working capital:		
(Increase)/decrease in inventories	1,346,373	2,230,162
Decrease/(increase) in receivables	1,690,866	(1,495,016)
Increase/(decrease) in payables	(2,891,209)	(3,082,006)
Intra-group payable converted to equity in respect of rights issue subscribed by UACN	-	2,629,688
Cash generated from continued operations	287,223	421,053
(Increase)/decrease in inventories	35,133	(29,651)
Decrease/(increase) in receivables	47,368	24,782
Increase/(decrease) in payables	55,361	51,406
Cash generated from discontinued operations	137,862	46,537
Net cash from/(used in) operations	425,085	467,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Related party transactions

The ultimate parent and controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to UPDC through common shareholdings.

The following transactions were carried out with related parties:

		The Group	
		Sept. 2018	Sept. 2017
		N'000	N'000
	Relationship		
UAC of Nigeria Plc	Parent	57,378	62,945
MDS Logistics Plc	Fellow Subsidiary	7,010	6,887

		The Group	
		Sept. 2018	Sept. 2017
		N'000	N'000
	Relationship		
UAC of Nigeria Plc	Parent	27,538	38,980

(c) Period-end balances arising from sales/purchases of goods/services

		The Group	
		Sept. 2018	Dec-17
		N'000	N'000
Receivable:	Relationship		
UPDC Metrocity Limited	Joint Venture	1,724,183	2,417,530
UPDC Hotels Limited	Subsidiary	-	-
First Festival Mall Limited	Joint Venture	2,614,229	2,566,018
First Restoration Dev. Co. Limited	Joint Venture	334,449	390,825
Calabar Golf Estate Limited	Joint Venture	542,748	538,893
Pinnacle Apartment Development Limited	Joint Venture	-	98,326
Imani and Sons	JV Partner	599,198	843,353
Galaxy Mall Current Account	Joint Venture	0	73,314
UPDC REIT	Associate	38,780	-
Grand Cereals Limited	Fellow Subsidiary	96,316	96,316
UAC Restaurants Limited	Fellow Subsidiary	1,126	-
		5,951,029	7,024,575

(i) Loan to First Festival Mall Limited attracts interest at MPR + 4% per annum and repayable after 2 years of operation.

		The Group	
		Sept. 2018	Dec-17
		N'000	N'000
Payable	Relationship		
UAC of Nigeria Plc.	Parent Company	1,648,684	1,514,745
Chemical and Allied Products Plc	Fellow Subsidiary	263	1,745
UPDC REIT	Associate	-	129,082
MDS Logistics Plc	Fellow Subsidiary	476,832	580,964
James Pinnock	Joint Operation	11,561	1,066,125
Portland Paints and Products Nig. Plc	Fellow Subsidiary	2,237	2,237
UAC Foods Limited	Fellow Subsidiary	545,153	534,689
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	-	147
Spring Waters Nig Ltd.	Fellow Subsidiary	15	15
Pinnacle Apartment Development Limited	Joint Venture	105,788	-
		2,790,532	3,829,750

All trading balances will be settled in cash.

Impairment of related party receivables at 30 September 2018 is N984.6m (2017: N428.1m).

The related party transactions were carried out on commercial terms and conditions.

24. Management service agreement

The company has a Management Service Agreement with UAC of Nigeria Plc. This agreement provides that the Company pays an annual fee of 1% of its turnover to UACN for services received under the agreement. The services provided include Business Strategy and Financial Advisory, Treasury, Secretarial & Legal, Human Resources Management, Insurance, Pensions & Gratuity Administration, Medical etc. The amount charged in these financial statements is N17.9million (2017: N29.4million). This does not include share of James Pinnock sales (Company's joint operation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Disposal group held for sale and discontinued operations

UPDC Hotels Ltd.

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

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

	UPDC Hotels Ltd	
	30 Sept. 2018 N'000	31 Dec. 2017 N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,814,513	11,814,513
Intangible assets	3,391	5,335
	11,817,905	11,819,848
Current assets:		
Inventories	150,381	166,850
Trade and other receivables	204,511	189,861
Cash and short-term deposits	76,266	117,447
	431,157	474,158
Total	12,249,062	12,294,007
Liabilities		
Current liabilities		
Trade and other payables	727,458	674,617
Total	727,458	674,617

UPDC Hotels owe UPDC Plc N13.9 billion, this amount was treated as intragroup transaction on consolidation.

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

	UPDC Hotels Ltd	
	9 months ended 30/09/18 N'000	9 months ended 30/09/17 N'000
Revenue	1,006,262	1,226,828
Cost of sales	(932,203)	(961,234)
Gross profit	74,059	265,594
Selling and distribution expenses	(64,144)	(69,355)
Administrative expenses	(131,227)	(370,486)
Other operating income	1,542	7,454
Operating profit	(119,770)	(166,794)
Finance cost	-	(18,750)
Loss from discontinued operations	(119,770)	(185,544)

Cashflows from discontinued operations:

The net cash flows incurred by UPDC Hotels Ltd. are as follows:

	2018 September N'000	2017 September N'000
Operating	6,842	77,786
Investing	(29,274)	(14,784)
Financing	(18,750)	(18,750)
Net cash (outflows)/inflows	(41,181)	44,252