



**UAC of Nigeria PLC**  
**Unaudited Consolidated Financial Statements for the Period**  
**ended 30 June 2021**

**UAC of Nigeria PLC**  
**Unaudited consolidated financial statements**  
**for the period ended 30 June 2021**

<b>Content</b>	<b>Page</b>
Certification pursuant to section 60(2) of Investment and Securities Act No. 29 of 2007	1
Investor relations statement	2
Unaudited consolidated financial statements	
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the unaudited consolidated financial statements	7

**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 June 2021 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 a date within 90 days prior to the report; and
  - (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



---

Funke Ijaiya-Oladipo  
Group Chief Financial Officer  
FRC/2021/001/00000022822

## **UAC of Nigeria PLC**

### **Statement on Investor 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 Group Chief Financial Officer can also be reached through electronic mail at: [investorrelations@uacnplc.com](mailto:investorrelations@uacnplc.com); or telephone on: +234 906 269 2908 for any investment related enquiry.


**UAC of Nigeria PLC**  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the period ended 30 June 2021**

	Notes	The Group			
		3 months to June 2021 N'000	6 months to June 2021 N'000	3 months to June 2020 N'000	6 months to June 2020 N' 000
<b>Continuing operations</b>					
Revenue	3	24,477,703	46,499,498	17,084,840	36,633,380
Cost of sales	6	(20,165,013)	(38,175,247)	(14,325,561)	(29,640,592)
<b>Gross profit</b>		<b>4,312,690</b>	<b>8,324,251</b>	<b>2,759,279</b>	<b>6,992,788</b>
Dividend income	4	13,163	13,163	9,930	9,930
Other operating income	5	211,363	375,845	212,326	297,723
Other operating losses	5ii	4,381	(50,174)	(16,638)	(114,930)
Selling and distribution expenses	6	(1,611,548)	(3,039,712)	(1,342,936)	(2,957,769)
Administrative expenses	6	(2,367,523)	(3,922,939)	(1,922,245)	(3,399,706)
<b>Operating profit/(loss)</b>		<b>562,526</b>	<b>1,700,433</b>	<b>(300,284)</b>	<b>828,036</b>
Finance income	7	303,699	649,762	170,762	503,501
Finance cost	7	(437,168)	(674,692)	(132,406)	(366,845)
<b>Net finance (cost)/income</b>		<b>(133,469)</b>	<b>(24,930)</b>	<b>38,356</b>	<b>136,656</b>
Share of (loss)/profit of associates	14	(161,588)	(379,847)	(2,183)	68,945
<b>Profit/(loss) before tax</b>		<b>267,470</b>	<b>1,295,657</b>	<b>(264,111)</b>	<b>1,033,637</b>
Income Tax Expense	8	(171,310)	(530,937)	(297,908)	(819,818)
Profit/(loss) after tax for the period from continuing operations		96,160	764,720	(562,019)	213,819
<b>Discontinued operations</b>					
(Loss)/profit after tax for the period from discontinued operations	30	(2,105)	(2,105)	(121,872)	944,258
<b>Profit/(loss) for the period</b>		<b>94,055</b>	<b>762,615</b>	<b>(683,891)</b>	<b>1,158,077</b>
<b>Other comprehensive income:</b>					
<i>Items not to be subsequently recycled to profit or loss</i>					
Net changes in fair value of financial assets	13	31,250	43,125	-	-
Share of other comprehensive income of associates and joint venture using the equity method		2,858	8,575	-	-
<b>Other comprehensive income for the period net of tax</b>		<b>34,108</b>	<b>51,700</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the period net of tax</b>		<b>128,163</b>	<b>814,315</b>	<b>(683,891)</b>	<b>1,158,077</b>
<b>(Loss)/profit attributable to:</b>					
Equity holders of the parent		(185,257)	156,023	(1,488,362)	932,679
Non controlling interests		279,312	606,592	804,472	225,398
		<b>94,055</b>	<b>762,615</b>	<b>(683,890)</b>	<b>1,158,077</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Equity holders of the parent		(151,149)	207,723	(1,488,362)	932,679
Non controlling interests		279,312	606,592	804,472	225,398
		<b>128,163</b>	<b>814,315</b>	<b>(683,890)</b>	<b>1,158,077</b>
Earnings per share attributable to owners of the parent during the period (expressed in Kobo per share):					
<b>Basic earnings per share</b>					
From continuing operations (Kobo)	9	(6)	5	(21)	(7)
From discontinued operations (Kobo)	9	(0)	(0)	(31)	39
From profit for the year (Kobo)		(6)	5	(52)	32
<b>Diluted earnings per share</b>					
From continuing operations (Kobo)	9	(6)	5	(21)	(7)
From discontinued operations (Kobo)	9	(0)	(0)	(31)	39
From profit for the year (Kobo)		(6)	5	(52)	32

**UAC of Nigeria PLC**  
**Condensed Consolidated Statement of Financial Position**  
**as at 30 June 2021**

		The Group	
		30 June 21	31 Dec 20
	Notes	N' 000	N' 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	21,297,936	21,011,834
Intangible assets and goodwill	11	1,353,839	1,373,223
Investment property	12	2,634,999	2,634,999
Investments in associates	14	9,075,636	13,018,568
Finance lease receivable	19.1	8,766	8,766
Right of use assets	17	690,652	488,989
Debt instrument at amortised cost	15	2,215,855	2,174,304
Equity instrument at fair value through other comprehensive income	13	231,250	188,125
Prepayment	19	220,097	48,126
Deferred tax asset	22	38,653	38,653
<b>Total non-current assets</b>		<b>37,767,682</b>	<b>40,985,587</b>
<b>Current assets</b>			
Inventories	18	32,342,277	20,123,071
Trade and other receivables	19	9,911,708	6,500,290
Finance lease receivable	19.1	1,606	1,606
Cash and cash equivalents	20	17,270,333	24,272,314
Refund asset	16	11,004	14,330
<b>Total current assets</b>		<b>59,536,928</b>	<b>50,911,611</b>
Non-current assets held for sale/distribution	30	3,825,859	265,496
Assets of disposal group classified as held for distribution	30	3,865	3,865
<b>Total assets</b>		<b>101,134,334</b>	<b>92,166,559</b>
<b>Equity and Liabilities</b>			
Ordinary share capital	28	1,440,648	1,440,648
Share premium		18,071,545	18,071,545
Contingency reserve		69,571	69,571
Fair value reserve		310,283	258,584
Statutory reserve		91,923	91,923
Retained earnings		29,404,393	32,710,006
<b>Equity attributable to equity holders of the Parent</b>		<b>49,388,364</b>	<b>52,642,277</b>
<b>Non controlling interests</b>		<b>8,374,360</b>	<b>8,729,588</b>
<b>Total equity</b>		<b>57,762,725</b>	<b>61,371,865</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	21	1,542,769	1,735,284
Government grant	24	209,040	209,040
Deferred tax liabilities	22	4,486,338	4,486,338
Lease liability	17	236,921	224,391
Provisions	27	6,357	6,357
<b>Total non-current liabilities</b>		<b>6,481,425</b>	<b>6,661,410</b>
<b>Current liabilities</b>			
Trade and other payables	23	9,915,659	9,829,941
Contract liabilities	25	1,127,954	1,340,627
Current income tax liabilities	8	3,635,123	3,814,160
Bank overdrafts and current portion of borrowings	21	15,771,889	2,503,673
Dividend payable	26	5,928,438	6,084,307
Government grant	24	58,343	58,343
Lease liability	17	305,187	250,926
Provisions	27	92,948	192,018
Refund liabilities	16	12,550	17,195
<b>Total current liabilities</b>		<b>36,848,091</b>	<b>24,091,190</b>
Liabilities of disposal group classified as held for sale/distribution to owners	30	42,094	42,094
<b>Total liabilities</b>		<b>43,371,609</b>	<b>30,794,694</b>
<b>Total equity and liabilities</b>		<b>101,134,334</b>	<b>92,166,559</b>

The financial statements and the notes on pages 7 to 30 were approved and authorised before issue by the board of directors on 28 July 2021 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

  
Mrs. Funke Ijaiya-Oladipo  
Group Chief Financial Officer  
FRC/2021/001/00000022822

UAC of Nigeria PLC  
Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2021

		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
<b>Total equity at 1 January 2020</b>		<b>1,440,648</b>	<b>18,451,844</b>	<b>69,571</b>	<b>27,770</b>	<b>91,923</b>	<b>29,997,824</b>	<b>50,079,580</b>	<b>10,461,833</b>	<b>60,541,413</b>
Profit for the year		-	-	-	-	-	932,679	932,679	225,398	1,158,077
Right issue cost		-	(368,371)	-	-	-	-	(368,371)	-	(368,371)
<b>Transactions with Equity holders</b>									(11)	(11)
Disposal of shareholdings in subsidiaries		-	-	-	-	-	(3,788)	(3,788)	(7,595)	(11,383)
Dividend declared	26	-	-	-	-	-	-	-	(136,015)	(136,015)
Elimination of NCI after disposal of subsidiaries	30	-	-	-	-	-	-	-	(2,283,839)	(2,283,839)
Right issue subscribed		-	-	-	-	-	-	-	185,893	185,893
<b>Balance at 30 June 2020</b>		<b>1,440,648</b>	<b>18,083,474</b>	<b>69,571</b>	<b>27,770</b>	<b>91,923</b>	<b>30,926,715</b>	<b>50,640,100</b>	<b>8,445,674</b>	<b>59,085,774</b>
<b>Total equity at 1 January 2021</b>		<b>1,440,648</b>	<b>18,071,545</b>	<b>69,571</b>	<b>258,584</b>	<b>91,923</b>	<b>32,710,006</b>	<b>52,642,277</b>	<b>8,729,588</b>	<b>61,371,865</b>
Profit for the year		-	-	-	-	-	156,023	156,023	606,592	762,615
<b>Other comprehensive income</b>										
Share of net changes in fair value of financial assets of associates		-	-	-	8,575	-	-	8,575	-	8,575
Net changes in fair value of financial assets	13	-	-	-	43,125	-	-	43,125	-	43,125
<b>Transaction with Equity holders</b>										
Acquisition of shareholdings in subsidiary		-	-	-	-	-	(4,080)	(4,080)	(31,093)	(35,173)
Dividend declared	26	-	-	-	-	-	(3,457,556)	(3,457,556)	(930,727)	(4,388,283)
<b>Balance at 30 June 2021</b>		<b>1,440,648</b>	<b>18,071,545</b>	<b>69,571</b>	<b>310,284</b>	<b>91,923</b>	<b>29,404,393</b>	<b>49,388,364</b>	<b>8,374,360</b>	<b>57,762,725</b>

**UAC of Nigeria PLC**

**Condensed Consolidated Statement of Cash Flows  
for the period ended 30 June 2021**

		<b>The Group</b>	
	<b>Notes</b>	<b>30 June 21 N' 000</b>	<b>30 June 20 N'000</b>
<b>Cash flows from operating activities</b>			
Cash generated used in operations	29	(13,257,496)	2,550,507
Corporate tax paid	8	(702,138)	(148,644)
<b>Net cash flows used in/generated from operating activities</b>		<b>(13,959,634)</b>	<b>2,401,863</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	11	(1,955)	-
Purchase of property, plant and equipment	10	(1,343,819)	(2,244,308)
Proceeds from sale of property, plant and equipment		30,114	81,247
Proceed on disposal of non-current asset held for sale		166,842	-
Purchase of investment properties	12	-	(393)
Lease prepayment	17	(57,232)	-
Proceeds from disposal of subsidiaries		-	438,949
Investment in debt instrument	15	(2,069,603)	-
Proceed from mature debt instrument	15	2,086,428	-
Interest received		590,019	503,501
<b>Net cash flows used in investing activities</b>		<b>(599,206)</b>	<b>(1,221,004)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests	26	(914,554)	(79,862)
Dividends paid to Company shareholders	26	(3,457,556)	-
Proceeds from borrowings	21	21,201,424	1,169,528
Dividend refund	26	(172,042)	-
Right issue subscription cost		-	(368,370)
Repayment of borrowings	21	(9,288,789)	(4,705,136)
Right issue subscription by non controlling interest		-	185,893
Interest paid on loans	21	(624,341)	(207,529)
Repayment of lease liability principal	17	(311,647)	(326,941)
Purchase of shares from NCI		(35,173)	(11,384)
<b>Net cash flows generated from/used in financing activities</b>		<b>6,397,327</b>	<b>(4,343,801)</b>
Cash & cash equivalents at the beginning of the period		24,302,566	23,891,134
Impairment on cash and cash equivalent		-	(2,206)
Net decrease in cash & cash equivalents		(8,161,513)	(3,162,942)
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>20</b>	<b>16,141,053</b>	<b>20,725,986</b>



**UAC of Nigeria Plc**  
**Notes to the unaudited consolidated financial statements**  
**for the period ended 30 June 2021**

---

**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, domiciled in Nigeria and listed on The Nigerian Exchange Limited.

**2. Summary of Significant Accounting Policies**

**2.1 Basis of Preparation**

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements have been prepared on a historical cost basis except for investment property measured at fair value and financial instruments measured at fair value through other comprehensive income.

**2.2 Accounting Policies**

The accounting policies adopted are consistent with those for the year ended 31 December 2020.

**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 2020.

**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 2020. 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.

**2.6. New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### **4 Significant judgements, estimates and assumptions**

##### **4.1 Significant estimates and sources of estimation uncertainty**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

###### *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 12

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:

- Market participants
- The property is freely exposed to the market
- A reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market
- No account is to be taken of an additional bid by a special purchaser

###### *b) Estimates of useful lives and residual values*

The estimates of useful lives and residual values of PPE impact the annual depreciation charge.

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

###### *c) Impairment Testing*

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact estimations and may require a material adjustment to the carrying value of intangible and tangible assets.

The Group reviews and tests the carrying value of assets when events of changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have 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) Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**Measurement of the expected credit loss allowance for financial asset**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1 (b), which also sets out key sensitivities of the ECL to changes in these elements.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

**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.

**Investment in associate**

1) **UPDC:** On 3 August 2020, UAC entered into a binding agreement with Custodian Investment PLC regarding the acquisition of a 51% stake in UPDC to be completed in two tranches. The first tranche, representing a 5.1% stake was completed in September 2020. The sale of the second tranche of UPDC shares representing a 45.9% stake was concluded on 17 November 2020. UAC received N6.6 billion in cash proceeds and now owns a 42.85% stake in UPDC.

2) **UPDC REIT:** In 2020, UPDC embarked on a process to unbundle its holdings in UPDC Real Estate Investment Trust (UPDC REIT) to all its shareholders. This initiative was aimed at maximising returns to all UPDC's shareholders by providing direct access to the steady and regular dividend distributions of UPDC REIT. UAC, as a shareholder of UPDC, received 649 million UPDC REIT units, valued at N3.6 billion, on 31 December 2020.

3) **MDS Logistics:** In January 2020 8% of UACN's 51% stake in MDS was disposed resulting in the loss of control of the entity. Consequently, MDS is recognised as an associate of the group with a 43% shareholding.

#### **Going Concern**

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management has considered the existing and anticipated effects of the coronavirus outbreak on its activities in its assessment and we are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

#### **Property lease classification – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

#### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

#### **Assets held for sale**

The Board of Directors took the following decisions in respect of its investments in subsidiaries:

UNICO: Voluntary winding up of UNICO CPFA which commenced in 2018. The company is thus in liquidation.

The Board considered the subsidiary to meet the criteria to be classified as held for sale at the reporting date for the following reasons:

- They are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage
- Respective Board approvals have been obtained for above entities

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**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 decorative and protective paints.

**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 snacks and meals.

**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 hospitality.

**Others** - This is a non-reportable segment made up of 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

	<b>Animal Feeds &amp; Other Edibles</b>	<b>Paints</b>	<b>Packaged Food &amp; Beverages</b>	<b>QSR</b>	<b>Logistics</b>	<b>Real Estate</b>	<b>Others</b>	<b>Total</b>
<b>30 June 2021</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Revenue from contracts with customer:	28,260,099	6,788,982	11,903,001	1,013,038	-	-	248,904	<b>48,214,024</b>
Rental income	-	-	-	-	-	-	106,757	<b>106,757</b>
<b>Total Revenue</b>	<b>28,260,099</b>	<b>6,788,982</b>	<b>11,903,001</b>	<b>1,013,038</b>	-	-	<b>434,992</b>	<b>48,400,112</b>
Intergroup revenue	(1,524,505)	(67,277)	(17,181)	-	-	-	(291,651)	<b>(1,900,614)</b>
Revenue to third parties	26,735,594	6,721,705	11,885,820	1,013,038	-	-	143,341	<b>46,499,498</b>
Operating profit/(loss)	1,147,863	648,518	779,806	(46,439)	-	-	(829,314)	<b>1,700,434</b>
Profit/(loss) before tax	520,524	762,765	759,183	(55,956)	-	-	(690,859)	<b>1,295,657</b>
Loss after tax for the period from discontinued operations	-	-	-	-	-	-	(2,105)	<b>(2,105)</b>
Property, plant and equipment	12,229,562	1,550,284	6,234,739	357,772	-	-	925,580	<b>21,297,936</b>
Net assets	17,888,208	4,097,615	7,920,829	301,912	-	-	27,554,161	<b>57,762,725</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

	<b>Animal Feeds &amp; Other Edibles</b>	<b>Paints</b>	<b>Packaged Food &amp; Beverages</b>	<b>QSR</b>	<b>Logistics</b>	<b>Real Estate</b>	<b>Others</b>	<b>Total</b>
<b>30 June 2020</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Revenue from contract with customers	24,922,346	4,259,140	8,179,926	625,218	-	-	230,031	<b>38,216,661</b>
Rental income	-	-	-	-	-	-	117,286	<b>117,286</b>
<b>Total Revenue</b>	<b>24,922,346</b>	<b>4,259,140</b>	<b>8,179,926</b>	<b>625,218</b>	-	-	<b>347,317</b>	<b>38,333,947</b>
Intergroup revenue	(1,440,385)	(22,780)	-	-	-	-	(237,402)	<b>(1,700,567)</b>
Revenue to third parties	23,481,961	4,236,360	8,179,926	625,218	-	-	109,915	<b>36,633,380</b>
Operating profit/(loss)	279,004	698,058	476,120	(43,994)	-	-	(581,152)	<b>828,036</b>
Profit / (Loss) before tax	(10,353)	826,136	500,686	(60,972)	-	-	(221,860)	<b>1,033,637</b>
Profit / (Loss) after tax for the period from discontinued operations	-	-	-	-	3,146,244	(2,201,986)	-	<b>944,258</b>
Property, plant and equipment	11,612,844	974,773	4,840,545	274,213	-	-	2,125,410	<b>19,827,785</b>
Net assets	16,608,206	4,635,712	6,888,546	278,174	-	14,838,637	15,836,501	<b>59,085,775</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**Entity wide information**

	<b>30 June 21</b>	<b>30 June 20</b>
	<b>N'000</b>	<b>N'000</b>
Analysis of revenue by category:		
Revenue from contracts with customers	46,392,741	36,516,094
Rental income	106,757	117,286
	<b>46,499,498</b>	<b>36,633,380</b>
Analysis of revenue by geographical location:		
	<b>30 June 21</b>	<b>30 June 20</b>
	<b>N'000</b>	<b>N'000</b>
Nigeria	46,499,498	36,633,380
Others	-	-
	<b>46,499,498</b>	<b>36,633,380</b>

**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 ended 30 June 2021							Total
	Animal Feeds	Paints	Packaged Food & beverages	QSR	Logistics	Real Estate	Others	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Revenue from contracts with customers</b>								
Sale of goods	26,735,594	6,721,705	11,885,820	1,013,038	-	-	-	46,356,157
Rendering of service	-	-	-	-	-	-	143,341	143,341
<b>Total</b>	<b>26,735,594</b>	<b>6,721,705</b>	<b>11,885,820</b>	<b>1,013,038</b>	<b>-</b>	<b>-</b>	<b>143,341</b>	<b>46,499,498</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Geographical Markets</b>								
Nigeria	26,735,594	6,721,705	11,885,820	1,013,038	-	-	143,341	46,499,498
Outside Nigeria	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26,735,594</b>	<b>6,721,705</b>	<b>11,885,820</b>	<b>1,013,038</b>	<b>-</b>	<b>-</b>	<b>143,341</b>	<b>46,499,498</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Timing of revenue</b>								
Goods transferred at a point in time	26,735,594	6,721,705	11,885,820	1,013,038	-	-	-	46,356,157
Services transferred over time	-	-	-	-	-	-	143,341	143,341
	<b>26,735,594</b>	<b>6,721,705</b>	<b>11,885,820</b>	<b>1,013,038</b>	<b>-</b>	<b>-</b>	<b>143,341</b>	<b>46,499,498</b>
	=====	=====	=====	=====	=====	=====	=====	=====

**UAC of Nigeria PLC**

**Notes to the unaudited consolidated financial statements  
for the Period ended 30 June 2021**

4 Dividend income	The Group	
	30 June 21	30 June 20
	N' 000	N' 000
Dividend income from third parties	13,163	9,930
<b>Total dividend income</b>	<b>13,163</b>	<b>9,930</b>

5 Other operating income	The Group	
	30 June 21	30 June 20
	N' 000	N' 000
Profit on sales of property, plant and equipment	4,987	4,409
Profit on sale of non current asset held for sale	160,068	-
Provision write back	-	2,500
Rental income*	6,642	7,241
Government grant (Note 24)	-	39,853
Insurance claim received	-	311
Expected credit loss write back on receivables (Note 19)	16,500	-
Exchange gain	2,028	114,665
Other income**	185,620	128,743
<b>Total other operating income</b>	<b>375,846</b>	<b>297,723</b>

**\* Rental Income**

Rental income represents income earned on investment properties at UAC Foods Ltd and Chemical and Allied Products PLC.

**\*\*Other income**

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

5ii Other operating losses	The Group	
	30 June 21	30 June 20
	N'000	N'000
Expected credit loss allowance on trade receivables (Note 19)	50,174	82,724
Expected credit loss on financial assets	-	30,000
Expected credit loss allowance on cash equivalent	-	2,206
<b>Total other operating losses</b>	<b>50,174</b>	<b>114,930</b>

6 (a) Expenses by Nature	The Group	
	30 June 21	30 June 20
	N' 000	N' 000
Changes in inventories of finished goods and work in progress	32,910,917	24,730,635
Write off of inventories to net realisable value	10,558	12,942
Personnel expenses	4,606,042	3,965,218
Depreciation charge on property, plant and equipment	1,036,686	1,003,837
Depreciation charge on right-of-use asset	187,189	262,261
Amortisation of intangibles	21,766	26,135
Royalty fees	199,444	121,504
Rents & rates	106,854	130,052
Electricity & power	1,124,783	1,119,108
Vehicles repairs, maintenance & fueling	245,091	155,173
Other repairs & maintenance	533,558	383,935
Auditors' remuneration	69,352	66,314
Information technology charge	199,502	182,704
Legal and professional expenses	411,597	253,394
Donations & subscriptions	137,844	207,909
Insurance	120,683	105,819
Distribution expenses	1,138,557	1,400,275
Marketing, Advertising & Communication	374,383	290,280
Hire of equipment	46,612	31,817
Catering expenses	113,832	81,669
Cleaning, laundry & sanitation	78,242	54,919
Security	111,824	102,929
Incentives	214,887	65,737
Travelling expenses	163,552	119,340
AGM expenses	42,598	2,600
Bank charges	80,027	153,158
Stationery and printing	52,967	38,094
Sundry office expenses***	798,550	930,310
	<b>45,137,898</b>	<b>35,998,067</b>

**6 (b) Expenses by Function**

Analysed as:		
Cost of sales	38,175,247	29,640,592
Selling and distribution expenses	3,039,712	2,957,769
Administrative expenses	3,922,939	3,399,706
	<b>45,137,898</b>	<b>35,998,067</b>

\*\*\*Sundry office expenses include exchange loss, consumables, project expenses etc



**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**7. Net finance income**

	The Group	
	30 June 21	30 June 20
	N' 000	N' 000
Interest income on short-term bank deposits	456,515	503,501
Interest income on bonds	193,246	-
<b>Finance Income</b>	<b>649,762</b>	<b>503,501</b>
Interest on bank loans - Note 21	(627,874)	(289,681)
Interest expense on lease liability - Note 17	(46,818)	(77,164)
<b>Finance Costs</b>	<b>(674,692)</b>	<b>(366,845)</b>
<b>Net finance income</b>	<b>(24,930)</b>	<b>136,656</b>

**8. Taxation**

	The Group	
	30 June 21	31 Dec 20
	N'000	N'000
Opening balance	3,814,160	4,510,936
Income tax expense	530,937	1,353,738
Withholding tax credit notes utilised	(7,836)	(360,132)
Payment during the year	(702,138)	(1,690,382)
	<b>3,635,123</b>	<b>3,814,160</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

---

**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 period.

	The Group	
	30 June 21	30 June 20
	N' 000	N' 000
<b>Profit attributable to ordinary equity shareholders:</b>		
Profit/(loss) from continuing operations	157,848	(193,798)
Profit/(loss) from discontinued operations	(1,824)	1,126,477
<b>Profit for the period</b>	<b>156,023</b>	<b>932,679</b>

Earnings per share attributable to owners of the parent during the year (expressed in Naira per share):

**Basic earnings per share**

From continuing operations (Kobo)	5	(7)
From discontinued operations (Kobo)	(0)	39
From profit for the period (Kobo)	5	32

*(b) Diluted*

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

10. 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 2020	8,791,199	19,276,743	1,228,370	2,422,286	871,501	588,125	33,178,225
Additions	57,820	991,108	135,383	971,890	61,668	2,277,996	4,495,865
Disposals	-	(260,770)	(6,441)	(312,181)	(5,649)	(2,966)	(588,007)
Assets held for sale	(223,225)	(362,267)	(10,329)	-	(7,710)	-	(603,531)
Reclassifications	6,861	276,379	-	14,255	1,712	(299,207)	-
<b>At 31 December 2020</b>	<b>8,632,655</b>	<b>19,921,193</b>	<b>1,346,983</b>	<b>3,096,251</b>	<b>921,522</b>	<b>2,563,948</b>	<b>36,482,552</b>
At 1 January 2021	8,632,655	19,921,193	1,346,983	3,096,251	921,522	2,563,948	36,482,552
Additions	68,900	737,199	51,168	287,491	27,701	171,359	1,343,819
Disposals	-	(32,346)	(13,415)	(148,562)	(16,363)	(100)	(210,786)
Transfer from assets held for sale	-	-	2,464	-	-	-	2,464
Reclassification*	29,386	101,790	2,179	6,477	41,281	(181,540)	(428)
<b>At 30 June 2021</b>	<b>8,730,941</b>	<b>20,727,837</b>	<b>1,389,379</b>	<b>3,241,657</b>	<b>974,140</b>	<b>2,553,667</b>	<b>37,617,621</b>
<b>Accumulated depreciation and impairment</b>							
At 1 January 2020	1,887,895	9,345,714	1,002,984	1,349,184	660,859	12,000	14,258,637
Charge for the year	279,271	1,206,886	107,089	377,987	49,876	-	2,021,109
Disposals	-	(211,725)	(4,829)	(248,896)	(5,543)	-	(470,993)
Write off	(24,197)	(301,119)	(5,741)	-	(6,978)	-	(338,035)
<b>At 31 December 2020</b>	<b>2,142,969</b>	<b>10,039,757</b>	<b>1,099,503</b>	<b>1,478,275</b>	<b>698,214</b>	<b>12,000</b>	<b>15,470,718</b>
At 1 January 2021	2,142,969	10,039,757	1,099,503	1,478,275	698,214	12,000	15,470,718
Charge for the year	78,447	651,265	52,327	225,651	28,996	-	1,036,686
Disposals**	(3,286)	(29,095)	(12,414)	(128,783)	(15,367)	-	(188,946)
Transfers	-	-	1,227	-	-	-	1,227
<b>At 30 June 2021</b>	<b>2,218,130</b>	<b>10,661,927</b>	<b>1,140,643</b>	<b>1,575,143</b>	<b>711,843</b>	<b>12,000</b>	<b>16,319,685</b>
<b>Net book values:</b>							
<b>At 30 June 2021</b>	<b>6,512,812</b>	<b>10,065,910</b>	<b>248,736</b>	<b>1,666,514</b>	<b>262,297</b>	<b>2,541,667</b>	<b>21,297,936</b>
<b>At 31 December 2020</b>	<b>6,489,686</b>	<b>9,881,437</b>	<b>247,480</b>	<b>1,617,976</b>	<b>223,308</b>	<b>2,551,948</b>	<b>21,011,834</b>

\*The sum of N428,000 relates to the reclassification of Auralite ERP (Retail POS system) from capital work in progress to intangible asset.

\*\* The sum of N3,286,000 relates to impairment charge on asset (Land) previously classified as held for sale which was not recognised as part of the carrying value of the asset. The profit on disposal has been computed on the carrying amount of the asset and has been disclosed in Notes 5 & 30.

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**11. Intangible assets and goodwill**

	<b>Group</b>				
	<b>Goodwill</b>	<b>Brands &amp; Trade</b>	<b>Software</b>	<b>Capital Work in</b>	<b>Total</b>
Cost	<b>N' 000</b>	<b>Marks</b>	<b>N' 000</b>	<b>progress</b>	<b>N' 000</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
At 1 January 2020	548,747	1,070,185	836,150	4,620	2,459,703
Additions - externally acquired during the year	-	-	8,729	-	8,729
Transfer	-	-	-	-	-
<b>At 31 December 2020</b>	<b>548,747</b>	<b>1,070,185</b>	<b>844,879</b>	<b>4,620</b>	<b>2,468,432</b>
At 1 January 2021	548,747	1,070,185	844,879	4,620	2,468,432
Additions - externally acquired during the year	-	-	1,955	-	1,955
Transfers*	-	-	428	-	428
<b>At 30 June 2021</b>	<b>548,747</b>	<b>1,070,185</b>	<b>847,262</b>	<b>4,620</b>	<b>2,470,815</b>
Accumulated amortisation					
At 1 January 2020	-	288,439	753,661	-	1,042,100
Amortisation for the year	-	-	53,110	-	53,110
<b>At 31 December 2020</b>	<b>-</b>	<b>288,439</b>	<b>806,771</b>	<b>-</b>	<b>1,095,210</b>
At 1 January 2021	-	288,439	806,771	-	1,095,210
Amortisation for the period	-	-	21,766	-	21,766
<b>At 30 June 2021</b>	<b>-</b>	<b>288,439</b>	<b>828,537</b>	<b>-</b>	<b>1,116,976</b>
Net book values					
<b>At 30 June 2021</b>	<b>548,747</b>	<b>781,747</b>	<b>18,725</b>	<b>4,620</b>	<b>1,353,839</b>
<b>At 31 December 2020</b>	<b>548,747</b>	<b>781,747</b>	<b>38,108</b>	<b>4,620</b>	<b>1,373,223</b>

\*The sum of N428,000 relates to the reclassification of Auralite ERP (Retail POS system) from capital work in progress to intangible asset.

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**12 . Investment property**

<b>Fair value</b>	<b>The Group</b>		<b>Total investment properties N' 000</b>
	<b>Freehold building N' 000</b>	<b>Leasehold building N' 000</b>	
At 1 January 2020	417,735	1,982,601	2,400,336
Additions during the year	-	393	393
Net gain from fair value adjustments on investment property	-	234,270	234,270
<b>At 31 December 2020</b>	<b>417,735</b>	<b>2,217,264</b>	<b>2,634,999</b>
At 1 January 2021	417,735	2,217,264	2,634,999
Additions during the period	-	-	-
Net gain from fair value adjustments on investment property	-	-	-
<b>At 30 June 2021</b>	<b>417,735</b>	<b>2,217,264</b>	<b>2,634,999</b>

Fair value of investment properties is categorised as follows:

<b>31-Dec-20</b>	<b>The Group</b>		<b>Total investment properties N' 000</b>
	<b>Freehold building N' 000</b>	<b>Leasehold building N' 000</b>	
Internal valuation	-	-	-
External valuation	417,735	2,217,264	2,634,999
	<b>417,735</b>	<b>2,217,264</b>	<b>2,634,999</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**13. Equity instrument at fair value through other comprehensive income**

The details and carrying amount of Equity instrument at fair value through other comprehensive income are as follows:

	The Group	
	30 June 21 N' 000	31 Dec 20 N' 000
Opening balance	188,125	28,771
Fair value gain	43,125	159,354
<b>Closing balance</b>	<b>231,250</b>	<b>188,125</b>

The fair value of the equity instrument is a level 1 input in accordance with IFRS 13. The fair value measurement was derived from quoted prices on National Association of Security Dealers (NASD Plc).

**14. Investments in associates and equity accounted joint ventures**

Set out below is the associate of the Group as at 30 June 2021. The associate as listed below have share capital consisting solely of ordinary shares, which are directly held by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in associate:

	Country of incorporation	The Group	
		30 June 21 N'000	31 Dec 20 N'000
UPDC REIT	Nigeria		24.34%
UPDC PLC	Nigeria	42.85%	42.85%
MDS Logistics	Nigeria	43%	43%

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

	The Group	
	30 June 21 N'000	31 Dec 20 N'000
Opening balance	13,018,568	-
Addition	-	11,973,792
Share of (loss)/profit	(379,847)	973,316
Share of other comprehensive income	8,575	71,460
Reclassified to non-current assets held for sale/distribution	(3,571,660)	-
<b>Closing balance</b>	<b>9,075,636</b>	<b>13,018,568</b>

On 24 February 2021, the Board of Directors of UACN passed a resolution, subject to the approval of shareholders and the appropriate regulatory authorities, to effect the transfer of units held by UACN in UPDC REIT to shareholders in proportion to their respective shareholding. Consequently, the Company's investment was reclassified to non-current assets held for distribution and measured at its carrying amount of N3.57billion which is lower than its fair value of N3.67billion as at 30 June 2021.

Set out below are the summarised financial information for the associate accounted for using the equity method.

	Non-current asset	Current asset	Non-current liabilities	Current liabilities
	N'000	N'000	N'000	N'000
<b>30-Jun-21</b>				
UPDC PLC	1,982,466	20,059,402	5,918,990	7,064,372
MDS Logistics	6,059,780	3,683,049	3,273,486	1,757,504

	Revenue	Depreciation	Interest income	Interest expense
	N'000	N'000	N'000	N'000
<b>30-Jun-21</b>				
UPDC PLC	316,056	8,785	17,854	(440,641)
MDS Logistics	4,128,364	653,429	0	(256,476)

	Non-current asset	Current asset	Non-current liabilities	Current liabilities
	N'000	N'000	N'000	N'000
<b>31-Dec-20</b>				
UPDC REIT	26,634,571	5,392,755	-	1,108,781
UPDC PLC	2,688,812	19,603,860	4,345,562	8,305,323
MDS Logistics	68,181,801	3,553,299	3,871,206	1,551,435

	Revenue	Depreciation	Interest income	Interest expense
	N'000	N'000	N'000	N'000
<b>30-Jun-20</b>				
MDS Logistics	3,836,738	358,351	1,564	(242,415)
UPDC PLC	346,544	11,807	2,298	(1,044,691)

UAC of Nigeria PLC  
Notes to the unaudited consolidated financial statements

for the Period ended 30 June 2021

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
<b>15. Debt instrument at amortised cost</b>		
Opening balance	2,205,374	2,015,218
Additions during the period	2,069,603	-
Settlements during the period	(2,086,428)	-
Coupon accrued	193,246	102,582
Coupon received	(133,503)	(152,794)
Exchange (loss)/gain on revaluation	(1,367)	240,368
Gross investment in debt	2,246,925	2,205,374
Expected credit loss	(31,070)	(31,070)
<b>Closing balance</b>	<b>2,215,855</b>	<b>2,174,304</b>

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 low credit risk. The Group's debt instruments at amortised cost comprised solely of quoted eurobonds that are rated by reputable Credit Rating Agency. The Group recognised provision for expected credit losses on its debt instruments at amortised cost of N31,070,040 (2020: N31,070,040).

30-Jun-21

	Stage 1	Stage 2	Stage 3	Total
	N' 000	N' 000	N' 000	N' 000
<b>Bond type</b>				
B-/Fitch ETI 2031	82,300	-	-	82,300
B-/S&P; B-/FitchEcobank 2026	449,834	-	-	449,834
B-/S&P; B-/FitchUBA 2022	210,742	-	-	210,742
B-/S&P; B-/Fitch SEPLAT 2023	217,102	-	-	217,102
B-/S&P; B-/FitchFIDBAN 2022	349,150	-	-	349,150
B2/Moody's; B/S&P; B+/FitchFGN 2025	853,803	-	-	853,803
B/Fitch; B/S&PAccess 2021	83,995	-	-	83,995
<b>Total</b>	<b>2,246,925</b>	<b>-</b>	<b>-</b>	<b>2,246,925</b>

31-Dec-20

	Stage 1	Stage 2	Stage 3	Total
	N' 000	N' 000	N' 000	N' 000
<b>Bond type</b>				
BB- (Fitch)/BB- (S&P) FGN 2021	1,615,965	-	-	1,615,965
B- (Fitch) FIDBAN 2022	319,847	-	-	319,847
B- (Fitch)/B- (S&P) SEPLAT 2023	269,562	-	-	269,562
<b>Total</b>	<b>2,205,374</b>	<b>-</b>	<b>-</b>	<b>2,205,374</b>

	Stage 1	Stage 2	Stage 3	Total
	N' 000	N' 000	N' 000	N' 000
<b>Movement in Expected Credit Loss (ECL)</b>				
At 1 January 2020	23,311	-	-	23,311
New asset purchased	7,759	-	-	7,759
<b>At 31 December 2020</b>	<b>31,070</b>	<b>-</b>	<b>-</b>	<b>31,070</b>
At 1 January 2021	31,070	-	-	31,070
Additions in the year	-	-	-	-
<b>At 30 June 2021</b>	<b>31,070</b>	<b>-</b>	<b>-</b>	<b>31,070</b>

16. Right of return assets and refund liabilities

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
<b>Right of return assets</b>	<b>11,004</b>	<b>14,330</b>
<b>Refund liabilities</b>		
- Arising from retrospective volume rebates	-	-
- Arising from rights of return	12,550	17,195
	<b>12,550</b>	<b>17,195</b>

**16. Right of return assets and refund liabilities (continued)**

**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.

**17. 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.

<b>Right of use assets</b>	<b>Land and Building</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
At 1 January 2020	941,799	174,608	1,116,407
Additions	246,469	-	246,469
Depreciation expenses	(337,470)	(133,721)	(471,191)
Lease termination	(402,696)	-	(402,696)
<b>At 31 December 2020</b>	<b>448,102</b>	<b>40,887</b>	<b>488,989</b>
At 1 January 2021	448,102	40,887	488,989
Additions	156,576	248,057	404,633
Depreciation expenses	(132,846)	(54,343)	(187,189)
Lease termination	(15,781)	-	(15,781)
<b>At 30 June 2021</b>	<b>456,051</b>	<b>234,601</b>	<b>690,652</b>

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

	<b>The Group</b>	
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
<b>17. Lease Liability</b>		
Opening balance	475,317	982,117
Accretion interest	46,818	124,497
Additions during the year	347,401	164,568
Payment of principal	(311,647)	(387,350)
Interest payment	-	(74,259)
Lease terminated	(15,781)	(334,256)
<b>Closing balance</b>	<b>542,108</b>	<b>475,317</b>
Current	305,187	250,926
Non-current	236,921	224,391
	542,108	475,317

**18. Inventories**

	<b>The Group</b>	
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
Raw materials and consumables	27,480,979	16,496,939
Technical stocks and spares	1,964,610	1,425,162
Finished goods and goods for resale	3,027,415	2,313,890
	32,473,004	20,235,991
Write down to net realisable value	(130,728)	(112,920)
	<b>32,342,276</b>	<b>20,123,071</b>



**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**19. Trade and other receivables**

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Receivables due within one year		
Trade receivables	2,855,307	3,892,028
Less: allowance for impairment of trade receivables	(1,172,968)	(1,191,031)
<b>Net trade receivables</b>	<b>1,682,339</b>	<b>2,700,997</b>
Receivables from associates	86,591	42,366
Loan receivable from associate	2,668,944	1,143,354
Allowance for expected credit losses on associates and related party receivables	(29,071)	(29,071)
Other receivables	2,689,715	263,221
Advance payments	177,336	315,364
WHT receivable	1,102,648	1,133,430
Prepayments - staff grants	57,878	96,986
Prepayments- Other	1,475,329	833,643
	<b>9,911,708</b>	<b>6,500,290</b>

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 relate to transactions such as advances to staff and VAT receivables. 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 June 21	31 Dec 20
	N' 000	N' 000
Prepayments - Current	1,533,207	930,629
Prepayments - Non-current	220,097	48,126
<b>Total prepayments</b>	<b>1,753,304</b>	<b>978,755</b>

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 June 21	31 Dec 20
	N' 000	N' 000
Opening balance	1,191,031	1,230,771
Expected credit loss write back	(16,500)	(522)
Expected credit loss allowance	50,174	78,269
Amount written off	(51,737)	(117,487)
<b>Closing balance</b>	<b>1,172,968</b>	<b>1,191,031</b>

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

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Opening balance	29,071	-
Impairment charge for the year	-	29,071
<b>Closing balance</b>	<b>29,071</b>	<b>29,071</b>

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
<b>19.1 Finance lease receivable</b>		
Gross investment in lease	91,601	91,601
Unearned finance income	(81,229)	(81,229)
	10,372	10,372
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
Current asset	1,606	1,606
Non-current asset	8,766	8,766
<b>Total finance lease receivable</b>	<b>10,372</b>	<b>10,372</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**20. Cash and cash equivalents**

	<b>The Group</b>	
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
Cash at bank and in hand	1,906,419	1,436,443
Short-term deposits	15,152,461	22,622,311
Expected credit losses on short term deposit	(30,252)	(30,252)
Cash at banks and short term deposits attributable to discontinued operations	241,706	243,812
<b>Cash and short-term deposits</b>	<b>17,270,333</b>	<b>24,272,314</b>

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, The 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 ₦3.34 bn which represents unclaimed dividends received from Africa Prudential Plc as at 30 June 2021 (2020: ₦3.38 bn).

The Finance Act 2020, which became effective on 1 January 2021, requires public limited liability companies quoted on the Nigerian Exchange Limited to transfer any unclaimed dividend that has remained unclaimed for a period not less than 6 years to the Unclaimed Funds Trust Fund (the "Trust Fund"). However, the modality for complying with this requirement is yet to be communicated by the Debt Management Office.

**(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 period/year as follows:

	<b>The Group</b>	
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
Cash at bank and in hand	1,906,419	1,436,443
Short-term deposits	15,152,461	22,622,311
Cash at banks and short term deposits attributable to discontinued operations	241,706	243,812
Bank overdraft	(1,159,532)	-
<b>Balances per statement of cash flow</b>	<b>16,141,053</b>	<b>24,302,566</b>

**21. Borrowings**

	<b>The Group</b>	
	<b>30 June 21</b>	<b>31 Dec 20</b>
	<b>N' 000</b>	<b>N' 000</b>
<b>Current borrowings</b>		
Loans due within one year	15,771,889	2,503,673
	<b>15,771,889</b>	<b>2,503,673</b>
<b>Non-current borrowings</b>		
Loans due after one year (i)	1,542,769	1,735,284
<b>Total borrowings</b>	<b>17,314,657</b>	<b>4,238,957</b>
Opening balance	4,238,957	6,446,520
Repayment of borrowing during the period/year	(9,288,789)	(7,926,033)
Bank overdraft	1,159,533	-
Initial fair value of grant	-	(283,631)
Interest on loans	627,874	376,363
Interest paid	(624,341)	(315,532)
Additions	21,201,424	5,941,270
<b>Closing balance</b>	<b>17,314,657</b>	<b>4,238,957</b>

The above borrowings are denominated in Naira

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**21. Borrowings (continued)**

The borrowings are repayable as follows:

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Within one year	15,771,889	2,503,673
Between one to two years	1,542,769	1,735,284
	<b>17,314,657</b>	<b>4,238,957</b>

**(i) Loans due within one year**

Bank	Effective Interest Rate	The Group		Maturity date	Security
		30 June 21	31 Dec 20		
		N' 000	N' 000		
Eco Bank	8.0%	2,957,292	-	Dec-21	No security
Union Bank	8.0%	991,563	-	Dec-21	No security
First Bank of Nigeria Ltd	8%(5%)	4,609,227	435,203	Sep-21	No security
FSDH	8.0%	2,488,742	-	Dec-21	No security
First Bank of Nigeria Ltd - Commercial loan	10.0%	2,493,367	1,993,367	Aug-21	No security
FSDH	0.0%	1,072,165	75,103	Dec-21	No security
First Bank of Nigeria Ltd & FSDH	10.0%	1,159,532	-	-	No security
		<b>15,771,889</b>	<b>2,503,673</b>		

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 June 21	31 Dec 20	
Facility		N' 000	N' 000	
Grand Cereals Ltd: Sterling Bank Plc & BOI - Agric loan	5.0%	1,520,719	1,735,284	July, 2025
Famous Brands Limited*	12.0%	22,050	-	May 2025
		<b>1,542,769</b>	<b>1,735,284</b>	

\*During the period, UAC of Nigeria PLC and Famous Brands disbursed a shareholder loan to UACR to fund the set up of Debonairs restaurant. The loan provided by UAC of Nigeria PLC was eliminated upon consolidation.

UAC of Nigeria PLC  
Notes to the unaudited consolidated financial statements  
for the Period ended 30 June 2021

22. Deferred Tax

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

	The Group	
	30 June 21 N'000	31 Dec 20 N'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	38,653	38,653
– Deferred tax asset to be recovered within 12 months	-	-
<b>Deferred tax assets</b>	<b>38,653</b>	<b>38,653</b>
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	(4,486,338)	(4,486,338)
– Deferred tax liability to be recovered within 12 months	-	-
<b>Deferred tax liabilities</b>	<b>(4,486,338)</b>	<b>(4,486,338)</b>
<b>Net Deferred tax liabilities</b>	<b>(4,447,685)</b>	<b>(4,447,685)</b>

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

	The Group	
	30 June 21 N'000	31 Dec 20 N'000
Opening balance	(4,447,685)	(4,138,842)
Credited to profit or loss	-	(308,843)
<b>Closing balance</b>	<b>(4,447,685)</b>	<b>(4,447,685)</b>

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	Property, plant and equipment N'000	Allowance for impairment on receivables N'000	Tax losses N'000	Leases N'000	Exchange difference N'000	Investment properties N'000	Capital Gains to be reinvested N'000	Total N'000
At 1 January 2020	(97,652)	109,271	-	-	-	-	-	11,619
Charged to profit or loss	11,512	15,522	-	-	-	-	-	27,034
<b>At 31 December 2020</b>	<b>(86,140)</b>	<b>124,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,653</b>
At 1 January 2021	(86,140)	124,793	-	-	-	-	-	38,653
Charged to profit or loss	-	-	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>(86,140)</b>	<b>124,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,653</b>

The Group has tax losses of ₦156,869,000 (2020: ₦156,869,000) 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

Deferred tax liabilities	Property, plant and equipment N'000	Allowance for impairment on receivables N'000	Tax losses N'000	Leases N'000	Exchange difference N'000	Investment properties N'000	Capital Gains to be reinvested N'000	Total N'000
At 1 January 2020	4,032,504	(241,678)	-	-	(12,464)	786,687	(414,588)	4,150,461
Charged/(credited) to profit or loss	(10,023)	78,088	(54,134)	8,119	85,181	228,646	-	335,877
<b>At 31 December 2020</b>	<b>4,022,481</b>	<b>(163,590)</b>	<b>(54,134)</b>	<b>8,119</b>	<b>72,717</b>	<b>1,015,333</b>	<b>(414,588)</b>	<b>4,486,338</b>
At 1 January 2021	4,022,481	(163,590)	(54,134)	-	72,717	1,015,333	(414,588)	4,486,338
Charged to profit or loss	-	-	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>4,022,481</b>	<b>(163,590)</b>	<b>(54,134)</b>	<b>-</b>	<b>72,717</b>	<b>1,015,333</b>	<b>(414,588)</b>	<b>4,486,338</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**23. Trade and other payables**

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Trade payables	3,113,306	4,081,749
Provision for employee leave	19,555	485
Defined contribution benefit owing to UNICO fund	6,684	56,612
Other payables	3,044,695	2,145,394
WHT payable	233,206	122,687
VAT payable	321,780	371,888
PAYE payable	10,501	55,801
Accruals	3,165,932	2,995,325
<b>Total</b>	<b>9,915,658</b>	<b>9,829,941</b>

**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.

Other payables houses balances for trade creditors and payables to vendors.

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

**24. Government Grant**

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Opening balance	267,383	50,107
Amount received during the period/year	-	283,631
Released to the statement of profit or loss	-	(66,355)
<b>Closing balance</b>	<b>267,383</b>	<b>267,383</b>
Current	58,343	58,343
Non-current	209,040	209,040
	267,383	267,383

Government grant relates to government facilities received by Livestock Feeds PLC and Grand Cereals Limited, at below-market rates of interest. The facilities are meant to assist in the procurement of certain items of plant and machinery. The grants are recognised as deferred income and amortised to profit or loss on a systematic basis over the useful life of the assets in line with their respective accounting policies.

**25. Contract liabilities**

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Opening balance	1,340,627	869,259
Deferred during the period/year	1,076,324	663,890
Released to the statement of profit or loss	(1,288,997)	(192,522)
<b>Closing balance</b>	<b>1,127,953</b>	<b>1,340,627</b>

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.

**26. Dividend payable**

	The Group	
	30 June 21	31 Dec 20
	N' 000	N' 000
Opening balance	6,084,307	5,517,803
Dividend declared	4,388,283	429,260
Dividend paid during the year to NCI	(914,554)	(130,404)
Dividend paid during the year to equity holders of the parent company	(3,457,556)	(288,130)
Statute barred unclaimed dividend written back	-	(10,677)
Unclaimed dividend refunded	(172,042)	566,456
<b>Closing balance</b>	<b>5,928,438</b>	<b>6,084,307</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**27. Provisions**

The Group	Provisions N'000	Legal claim N'000	Decommissioning	Total N' 000
			liability N' 000	
At 1 January 2020	6,000	89,948	7,387	103,335
Unwinding of discount	-	-	970	970
Charge to profit or loss	-	99,070	-	99,070
Derecognised on payment	-	(2,500)	(2,000)	(4,500)
Provision write back	-	(500)	-	(500)
<b>31 December 2020</b>	<b>6,000</b>	<b>186,018</b>	<b>6,357</b>	<b>198,375</b>
Current	6,000	186,018	-	192,018
Non-current	-	-	6,357	6,357
At 1 January 2021	6,000	186,018	6,357	198,375
Derecognised on payment	-	(99,070)	-	(99,070)
Provision write back	-	-	-	-
<b>30 June 2021</b>	<b>6,000</b>	<b>86,948</b>	<b>6,357</b>	<b>99,305</b>
Current	6,000	86,948	-	92,948
Non-current	-	-	6,357	6,357

***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.

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

**28. Share Capital**  
**Group**

	30 June 21		31 Dec 20	
	Number 000	Amount N' 000	Number 000	Amount N' 000
<b>Authorised:</b>				
Ordinary Shares of 50k each	3,000,000	1,500,000	3,000,000	1,500,000
Preference Shares of 50k each	400,000	200,000	400,000	200,000
<b>Total authorised share capital</b>	<b>3,400,000</b>	<b>1,700,000</b>	<b>3,400,000</b>	<b>1,700,000</b>
<b>Issued and fully paid:</b>				
Ordinary shares of 50k each	2,881,296	1,440,648	2,881,296	1,440,648
<b>Total called up share capital</b>	<b>2,881,296</b>	<b>1,440,648</b>	<b>2,881,296</b>	<b>1,440,648</b>

**Unissued share capital**

UAC of Nigeria PLC is aware of the provisions of Companies and Allied Matters Act 2020, Companies Regulations 2021 as it relates to unissued share capital, as well as the Corporate Affairs Commission circular dated 16<sup>th</sup> April 2021, and is exploring options for compliance.

**Nature and purpose of Other Reserves and related transactions**

**Share Premium**

Section 145.2 of Companies and Allied Matters Act 2020 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 at fair value through other comprehensive income until the assets are derecognised.

**29. Reconciliation of profit/(loss) before tax to cash generated from/(used in) operations**

	Note	The Group	
		30 June 21 N' 000	30 June 20 N' 000
<b>Profit before tax from continuing operations</b>		1,295,657	1,033,637
(Loss)/profit before tax from discontinued operations		(2,105)	989,194
Adjustment for net finance cost/(income)		24,930	(136,656)
<b>Operating profit</b>		<b>1,318,482</b>	<b>1,886,175</b>
<i>Adjustments to reconcile operating profit to net cash flows</i>			
Amortisation of intangible assets	6	21,766	26,135
Depreciation charge on property, plant and equipment	6	1,036,686	1,003,837
Depreciation charge on right of use asset	6	187,189	262,261
Write off of inventories to net realisable value	6	10,558	-
Expected credit loss writeback on trade receivables	5	(16,500)	-
Expected credit loss on financial assets	5ii	-	30,000
Expected credit loss on cash equivalent	5ii	-	2,206
Expected credit loss on trade receivables	5ii	50,174	82,724
Effects of exchange rate changes	15	1,367	(114,665)
Unwinding of government grant		-	(39,853)
Share of loss/(profit) in associate	14	379,847	(68,945)
Profit on sale of disposal of subsidiary	5ii	-	(3,146,244)
Profit on sale of tangible PPE	5	(4,987)	(4,409)
Profit on sale of non current asset held for sale	5	(160,068)	-
Provision derecognised		(99,070)	(2,500)
<b>Operating cash flows before movements in working capital</b>		<b>2,725,442</b>	<b>(83,278)</b>
<b>Movements in working capital:</b>			
Changes in inventories		(12,229,764)	2,966,383
Changes in trade and other receivables and prepayments		(3,624,900)	(623,929)
Changes in contract liabilities		(212,673)	464,606
Changes in trade and other payables		85,718	(2,281,257)
Changes in right of return asset		3,326	(3,822)
Changes in finance lease receivable		-	(10,375)
Changes in refund liability		(4,645)	5,275
<b>Net cash (used in)/generated from operations - continuing operations</b>		<b>(13,257,496)</b>	<b>433,603</b>
Changes in assets and liabilities		-	2,116,904
<b>Net cash from operations - discontinued operations</b>		<b>-</b>	<b>2,116,904</b>
<b>Net cash generated from/(used in) operations</b>		<b>(13,257,496)</b>	<b>2,550,507</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

---

**30. Non-current assets held for sale/distribution**

Following the approval by the board of Directors in November 2019, part of a manufacturing facility within the Paints segment was presented as non-current asset held for sale. In June 2021, a part of the facility with cost of N10,060,000 and a carrying value of N6,774,442 was disposed for the sum N166,842,925 and a profit on disposal as disclosed in Note 5. Despite the inability to complete the sale of the asset within 12 months, management is still committed to the disposal of the remaining asset. Hence, the continual classification of the asset as a non current asset held for sale with the current value of N254,199,000 (2020: N265,496,000) .

On 24 February 2021, the Board of Directors of UACN passed a resolution, subject to the approval of shareholders and the appropriate regulatory authorities, to effect the transfer of units held by UACN in UPDC REIT to shareholders in proportion to their respective shareholding. Consequently, the Company's investment was reclassified to non-current assets held for distribution and measured at its carrying amount of N3.57billion which is lower than its fair value of N3.67billion as at 30 June 2021.

	<b>30-Jun-21</b>
	<b>N'000</b>
Opening balance	265,496
Transfer from investment in associates (UPDC REIT)	3,571,660
Transfer to PPE	(1,237)
Cost of asset disposed	<u>(10,060)</u>
Closing balance	<u><u>3,825,859</u></u>

**30. Disposal group held for sale and discontinued operations**

**Disposal group held for sale/distribution to owners**

**UPDC PLC**

In 2020, UACN entered into a binding agreement to sell 51% of its shareholding in UPDC to Custodian Investment Plc. The first and second tranche of the transaction resulting in a disposal of 51% were carried out in 2020. Consequent to the sale, UACN owns 42.85% of UPDC. Hence, UPDC was reclassified as an Investment in associate.

	<b>31 Dec 20</b>
	<b>N'000</b>
Tranche 1	
Cash consideration	662,591
Transaction charges	(3,524)
Carrying amount of net asset disposed	<u>(744,864)</u>
Loss on disposal	<u><u>(85,797)</u></u>
Tranche 2	
Cash consideration	5,931,601
Share of net asset of subsidiary*	(14,014,745)
Investment in associate	7,316,892
Transaction charges	31,717
Loss on disposal of discontinued operations	<u><u>(734,535)</u></u>



**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

---

**30. Disposal group held for sale and discontinued operations (continued)**

<b>Cash proceed from sale as shown in cash flow statement</b>	<b>31 Dec 20</b>
	<b>N'000</b>
Cash proceed from disposal	6,590,668
Less cash and cash equivalent balance	<u>(2,472,762)</u>
<b>Net cash proceed from disposal</b>	<b><u>4,117,906</u></b>

\* Total net asset of subsidiary less NCI prior to disposal was ₦15.79bn, the share attributable to NCI amounted to ₦1.71bn.

**UNICO CPFA Limited (UNICO)**

Members of UNICO CPFA at Extra-Ordinary General Meeting approved voluntary winding up of company on February 6, 2019. 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 will be sold and liabilities settled. The winding up process is to be concluded in FY 2021.

**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 owns 43% of MDS thereby ceding control. The transaction was concluded in the 2020 financial year, and profit from the disposal of MDS was reported under IFRS 5 as non current asset held for disposal/distribution and discontinued operations.

	<b>31 Dec 20</b>
	<b>N'000</b>
Cash consideration	866,400
*Share of net asset of subsidiary	(2,377,056)
Investment in associate	<u>4,656,900</u>
<b>Profit on disposal of discontinued operations</b>	<b><u>3,146,244</u></b>

<b>Cash proceed from sale as shown in cash flow statement</b>	<b>31 Dec 20</b>
	<b>N'000</b>
Cash proceed from disposal	866,400
Less cash and cash equivalent balance	<u>(427,451)</u>
<b>Net cash proceed from disposal</b>	<b><u>438,949</u></b>

\* Total net asset of subsidiary prior to disposal was ₦4.66bn, the share attributable to NCI amounted to ₦2.28bn.

**UAC of Nigeria PLC**

**Notes to the unaudited consolidated financial statements**

**for the Period ended 30 June 2021**

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

#REF!

	UNICO 30-Jun-21 N'000	TOTAL 30-Jun-21 N'000	UNICO 31-Dec-20 N'000	TOTAL 31-Dec-20 N'000
<b>Assets</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	2,920	2,920	2,920	2,920
Intangible assets	-	-	-	-
Investment properties	-	-	-	-
Investments in joint ventures	-	-	-	-
Right of use asset	-	-	-	-
Investments in associates	-	-	-	-
Deferred tax asset	945	945	945	945
	<b>3,865</b>	<b>3,865</b>	<b>3,865</b>	<b>3,865</b>
<b>Current assets</b>				
Inventories	-	-	-	-
Trade and other receivables	-	-	-	-
Statutory Reserve Fund Account	-	-	-	-
Income tax asset	-	-	-	-
Assets of disposal group classified as held for sale/ distribution to owners - UHL	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>3,865</b>	<b>3,865</b>	<b>3,865</b>	<b>3,865</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	34,089	34,089	34,089	34,089
Current income tax liabilities	8,004	8,004	8,004	8,004
Interest bearing Loans and Borrowings	-	-	-	-
Dividend Payable	-	-	-	-
Deferred revenue	-	-	-	-
	<b>42,094</b>	<b>42,094</b>	<b>42,094</b>	<b>42,094</b>
Liabilities of disposal group classified as held for sale/distribution to owners - UHL	-	-	-	-
<b>Total</b>	<b>42,094</b>	<b>42,094</b>	<b>42,094</b>	<b>42,094</b>

**UAC of Nigeria PLC**  
**Notes to the unaudited consolidated financial statements**  
**for the Period ended 30 June 2021**

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

	UNICO 30-Jun-21 N'000	TOTAL 30-Jun-21 N'000	MDS 30-Jun-20 N'000	UPDC 30-Jun-20 N'000	TOTAL 30-Jun-20 N'000
Revenue	-	-	-	324,588	324,588
Cost of sales	-	-	-	(272,511)	(272,511)
Gross profit	-	-	-	52,077	52,077
(Loss)/gain on disposal of investment properties	-	-	-	(43,375)	(43,375)
Other income/(loss)	-	-	-	80,438	80,438
Selling and distribution expenses	-	-	-	(32,980)	(32,980)
Administrative expenses	(2,105)	(2,105)	-	(300,109)	(304,319)
Financial guarantee	-	-	-	(775,920)	(775,920)
<b>Operating profit</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>-</b>	<b>(1,019,869)</b>	<b>(1,024,079)</b>
Finance income	-	-	-	2,298	2,298
Finance cost	-	-	-	(322,461)	(322,461)
Share of profit of associates	-	-	-	-	-
<b>Loss before impairment</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>-</b>	<b>(1,340,032)</b>	<b>(1,344,242)</b>
Impairment of Investment in Associates	-	-	-	-	-
<b>(Loss)/Profit before tax</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>-</b>	<b>(1,340,032)</b>	<b>(1,344,242)</b>
Tax expense:					
Related to pre-tax profit/(loss) from the ordinary activities for the period	-	-	-	(44,936)	(44,936)
<b>Loss after tax</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>-</b>	<b>(1,384,968)</b>	<b>(1,389,178)</b>
Profit/(loss) from discontinued operations		-	3,146,244	(75,006)	3,071,238
Impairment of assets of disposal group held for sale			-	(742,012)	(742,012)
<b>(Loss)/profit from discontinued operations</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>3,146,244</b>	<b>(2,201,986)</b>	<b>944,258</b>
<b>Other Comprehensive income</b>					
<b>Total comprehensive (loss)/income for the period net of tax</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>3,146,244</b>	<b>(2,201,986)</b>	<b>944,258</b>

Cashflows from discontinued operations:

The net cash flows incurred are as follows:

	UNICO 30-Jun-21 N'000	TOTAL 30-Jun-21 N'000	UPDC 30-Jun-20 N'000	TOTAL 30-Jun-20 N'000
Operating	(2,105)	(2,105)	(24,140)	(24,140)
Investing	-	-	311,831	311,831
Financing	-	-	(546,954)	(546,954)
<b>Net cash outflows</b>	<b>(2,105)</b>	<b>(2,105)</b>	<b>(259,263)</b>	<b>(259,263)</b>