

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

REPORT OF THE DIRECTORS

The Directors present their annual report prepared in accordance with International Financial Reporting Standards (IFRSs) on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31st December, 2014. These financial statements have been prepared in addition to the Company's financial statements prepared in accordance with the Nigerian Statements of Accounting Standards.

Principal Activity

The principal activity of the Company during the period were mainly laboratory and clinical services.

Operating Results

The Profit/(Loss) of the Company for the year after taxation was N111,177,898 and it is proposed to be retained in reserves.

The following is a summary of the Company's operating results and accumulated losses:

	2014	2013
	N	N
Accumulated Profit/(loss) 1 January	(938,392,901.00)	57,508,865.00
Profit/(Loss) for the year	111,177,897.71	(995,901,766.00)
	-----	-----
Accumulated Profit/ (losses) 31 December	(827,215,003)	(938,392,901)
	=====	=====

Directors and their Interests

The directors and their interest in the shares of the Company were as follows:

	Representing	31st December 2014 Number of Ordinary Shares of 50 kobo each
Ambassador B .A. Adeyemi	Chairman	1,956,000.00
Dr.A.O. Akinniyi	Managing Director	161,758,457.00
Dr.A.Oyeneyin	Executive Director	-
Mr A. Akinkoye	Non-Executive Director	1,272,000.00
Mr V.O. Oyekan	Executive Director	-

Directors' Interest in Contracts

None of the directors has notified the company , in accordance with section 277 of the Companies and Allied Matters Act 2004, of any disclosable interest in any contracts involving the company.

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

Charitable Donations

The Company made no charitable donations during the year (2014: Nil)

Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 11 to the financial statements.

Employee Consultation and Training

The company continues to maintain effective communication with all employees who, subject to practical considerations, are consulted on, and involved in decisions that affect their jobs or future prospects. The total work force during the year comprised 480 (2013:420) staff.

Employment of Physically Challenged Persons

The Company has no physically challenged persons in its employment. However, applications for employment by physically challenged persons are fully and fairly considered, having regard to the aptitude and abilities of each applicant. Efforts are made to enable employees who become physically challenged during employment to continue their careers with the Company. Training, career development and promotion of physically challenged persons is, as far as possible, identical to that of other employees who are not physically challenged.

Health,Safety and Welfare at Work

The Company places a high premium on the health, safety and welfare of its employees in their place of work. In this vein, the Company has in place the employee / employer hand book which reflect it s commitment to health, safety and welfare at work.

Auditors

The Auditors, Messrs . have indicated their willingness to continue in office as auditors.

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a diagonal stroke.

Lagos, Nigeria.
March, 2015



Barr. Samuel Iroye
Company Secretary

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

Statement of Directors' Responsibilities in Relation to the Financial Statements

The directors accept responsibility for the preparation of the annual financial statements, set out on pages 6 to 18 that give a true and fair view in accordance with International Financial Reporting Standards.

The directors further accept responsibility for maintaining adequate accounting records and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Dr Akinniyi O.A.
NAME OF DIRECTOR
March, 2015

Amb. Bariyu Adeyemi
NAME OF DIRECTOR
March, 2015

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INDEPENDENT AUDITORS' REPORT

 EJIGEME ANDREW & CO.	Chartered Accountants	Club Annex 9 Tafawa Balewa Square Complex Race Course, Lagos. Phone: 080 37194426
Our Ref:	Your Ref:	
INDEPENDENT AUDITORS REPORT To the members of UNION diagnostics AND CLINICAL SERVICES PLC		
Report on the financial statements We have audited the accompanying financial statements of Union Diagnostics and Clinical Service Plc. ("the Company") which comprise the statement of financial position as at 31 st December, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year ended and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 6-19.		

Directors Responsibilities for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements. In accordance with International Financial Standard, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

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

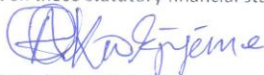
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the UNION DIAGNOSTICS & CLINICAL SERVICES PLC as at 31st December, 2014 and of its financial performance and cash flow for the year ended in accordance with International Financial Reporting Standards.

Other Matter

As described in note 2 (a) to the financial statements, the accompanying financial statements have been prepared in addition to the statutory financial statements of the company. The statutory financial statements were prepared in accordance with statements of Accounting Standards applicable in Nigeria and we issued a report on those statutory financial statements


Ejigeme Okwudili Andrew



Ejigeme Andrew & Co
Chartered Accountants
Lagos - Nigeria
March, 2015

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2014.

ASSETS			2014	2,013
	NOTES	N	N	
Property, plant and equipment		(11)	2,851,922,443	2,846,635,556
Prepayments for non-current assets			106,416,843	21,236,667
Total non-current assets			<u>2,958,339,286</u>	<u>2,867,872,223</u>

Inventory			1,254,744	2,562,025
Trade and other receivables		(14)	782,186,623	836,508,933
Prepayments for current assets			-	-
Cash and cash equivalents		(15)	13,855,901	102,139,649
Total current assets			797,297,267	941,210,607
Total assets			3,755,636,553	3,809,082,830
			=====	=====
Equity				
Share capital		(16)	1,776,569,264	1,776,569,264
Share premium			2,616,172,623	2,616,172,623
Accumulated losses/profit		(16)	(827,215,003)	(938,392,901)
Total equity attributable to equity holders of the Company			3,565,526,884	3,454,348,986
Liabilities				
Loans - non- current			18,972,415	15,431,120
Provisions			-	-
Total non-current liabilities			18,972,415	15,431,120
Trade and other creditors		(17)	131,726,163	297,621,278
Taxation	9 (b)		39,411,102	41,681,446
Accrued liabilities			-	-
Deferred revenue			-	-
Loans-current			-	-
Total current liabilities			171,137,265	339,302,724
Total liabilities			190,109,669	354,733,844
Total equity and liabilities			3,755,636,553	3,809,082,830
			=====	=====

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

-

Dr Akinniyi A.O.
Name
Director

Name
Director

Amb. Bariyu Adeyemi

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

	NOTES	2014	2013
		N	N
Revenue	(6)	998,983,070.06	862,569,730.00
Cost of sales		512,343,701.55	188,965,272.00
Gross profit		486,639,369	673,604,458
Employee benefits expenses	(8)	(172,080,045)	(312,399,069)
Rent		(13,740,114)	(20,335,262)
Transportation and motor running expenses		(20,900,860)	(26,390,370)
Communication expenses		(4,517,027)	(5,016,174)
Depreciation and Impairment	(11)	(33,374,738)	(167,705,166)
Legal,Consultancy & Other Professional fees		(18,967,634)	(3,049,000)
Repairs and maintenance		(1,925,667)	(39,808,872)

Other operating expenses		(63,125,274)	(63,160,121)
		<u>(328,631,358)</u>	<u>(637,864,034)</u>
Results from operating activities		<u>158,008,011</u>	<u>35,740,424</u>
Finance income	(7)	-	-
Finance expense	(7)	(7,419,011.00)	(7,323,436.00)
Net finance expense		<u>(7,419,011)</u>	<u>(7,323,436)</u>
Profit/(Loss) before income tax expense		150,589,000	28,416,988
Taxation	9 (a)	(39,411,102)	(24,045,444)
Extraordinary Losses		-	(1,000,273,310)
		-	
Profit/(Loss)for the year		<u>111,177,898</u>	<u>(995,901,766)</u>
		=====	=====
Other comprehensive income for the year, net of income tax		-	-
		=====	=====
Total comprehensive profit/(loss) for the year		<u>111,177,898</u>	<u>(995,901,766)</u>
		=====	=====
Loss per share			
Basic Earnings per share(kobo)		3.13K	(28K)

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2014.

	Share Capital	Share Premium	Share Shares	Deposit for	Accumulated Profit/(Losses)	Total Equity
	N	N	N	N	N	N
Balance at 1 January 2013	1,776,569,264	2,616,172,623		0	57,508,865	4,450,250,752
Total comprehensive income for the year						
Profit/(Loss) for the year	-	-		-	(995,901,766)	(995,901,766)
Total comprehensive income for the year	-	-		-	(995,901,766)	(995,901,766)
Transactions with owners of the Company, recognised directly in equity						
Share capital issued	-	-		-	-	-
Share premium	-	-		-	-	-
Share premium written off	-	-		-	-	-
Deposit for shares written off	-	-		-	-	-
Total transactions with owners of the Company	-	-		-	-	-
Balance at 31 December 2013	1,776,569,264	2,616,172,623		-	(938,392,901)	3,454,348,986
	=====	=====		=====	=====	=====
Balance at 1 January 2014	1,776,569,264	2,616,172,623		-	(938,392,901)	3,454,348,986
Total comprehensive income for the year						
Profit/(Loss) for the year	-	-		-	111,177,898	111,177,898
Total comprehensive income for the year	-	-		-	111,177,898	111,177,898
Transactions with owners of the						

Company, recognised directly in

equity

Share capital issued

Share premium

Share premium write off

Deposit for shares write off

Total transactions with owners of the

Company

Balance at 31 December 2014

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,776,569,264	2,616,172,623	-	(827,215,003)	3,565,526,884
=====	=====	=====	=====	=====

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

CASH FLOW FROM OPERATING ACTIVITIES

Profit/(loss) for the period before taxation

Adjustments For Items Not Involving

Movement Of Funds :

Depreciation

Prior year adjustment/Impairment

	2014	2013
N	N	N
	150,588,999.58	28,416,988
177,836,302		167,705,166
0		0

(Profit)/Loss on disposal of asset	-	-
	177,836,302	167,705,166
Cash flow before changes in working capital	328,425,302	196,122,154
(Increase)/Decrease in inventories	1,307,282	(1,881,845)
(Increase)/Decrease in Debtors & Prepayment	54,322,311	(254,268,710)
Increase/(Decrease) in Creditors & Accruals	(167,686,000)	(206,388,347)
	(112,056,408)	(462,538,902)
	216,368,894	(266,416,748)
Tax paid	(41,681,446)	(27,624,152)
Interest Paid	(7,419,012)	(7,323,436)
	(49,100,458)	(34,947,588)
Net cash flow from operating activities	167,268,436	(301,364,336)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(183,123,189.30)	(323,533,128.00)
Purchase of investment	(87,016,843)	-
Poceeds from Sale of Fixed Assets	-	575,226,206
Net cash used in investing activities	(270,140,032)	251,693,078
	(102,871,597)	(49,671,258)
CASH FLOW FROM FINANCING ACTIVITIES		
Loans	3,541,295	15,431,120
Net cash used in financing activities	3,541,295	15,431,120
Net(decrease)increase in cash and cash equivalents	(90,074,634)	(34,240,138)
Cash and cash equivalents at 1st January	102,139,649	136,379,787
Cash and cash equivalents at 31st December	12,065,015	102,139,649
	=====	=====

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

1 Reporting entity

Union Diagnostic&Clinical Services PLC ("the Company") is a company domiciled in Nigeria. The address of the Company's registered office is , Lagos.

The Principal activity of the company continues to be Laboratory and Clinical Services.

2 Basis of preparation

(a)Statement of compliance

The financial statements have been prepared in accordance with international Financial Reporting Standards (IFRS). They have been prepared in addition to the Company's statutory financial statements, which were prepared in accordance with Statements of Accounting Standards applicable in Nigeria ("Nigerian GAAP").

The financial statements were authorised for issue by the directors on 2015

(b)Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency.

(c)Basis of measurement

These financial statements are prepared on the historical cost basis.

(d)Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and

assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the following notes:

Note 4 on determination of fair values of financial instruments

Note 9 on utilisation of tax losses

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange on the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate.

Exchange differences arising on the settlement of transactions at rates different from those at the dates of the transactions, as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the profit or loss.

Unrealised exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For non-monetary financial assets held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealised exchange differences are recognised in the profit or loss. For available-for-sale equity instruments, unrealised exchange differences are recorded in other comprehensive income.

(b) Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit and loss.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount **substituted for cost, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected

pattern of consumption of the future economic benefits embodied in the asset. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

The estimated useful lives for the current year are as follows:

Land and Buildings	80 years
Plant & Machinery	20 years
Motor Vehicles	5 years
Office Furniture & Fittings	10 years
Medical Equipment	20 years
Office Equipment	20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate.

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the (asset) is included in profit or loss in the year the asset is derecognised.

(d) Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method. Short-duration **other payables with no stated interest rate are measured at original invoice amount unless the effect of**

imputing interest would be significant.

Other

Other non-derivative financial instruments which comprise of loans and receivables, and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment losses. Short-term trade receivables, other receivables, trade payables and other payables with no stated interest rate are carried at original invoice amounts where the effect of discounting is not significant.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cashflows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where the Company enters into transactions under which it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognised from the statement of financial position if all or substantially all risks and rewards are retained. In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(e) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deductions from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

(f) Taxation

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment required for prior period.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is not for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(g) Employee benefits

Retirement of Benefit Scheme

The Company provide for a retirement benefit scheme in accordance with the provision of Pension Reform Act, 2004

The Scheme is been funded through monthly contribution of 7.5% each by both the Company and its employees.

This Pension Scheme is been managed by Stanbic IBTC Pensions.

A provision is recognised only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that a transfer of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Revenue

Revenue represents the value of services rendered to third parties net of Value Added Tax and discounts allowed in **the ordinary course of business. Services rendered to third parties comprises of providing Laboratory & Clinical Services .**

Revenue is recognised when persuasive evidence exists, usually in the form of an executed agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

Invoices paid or billed in advance are deferred and treated as liabilities in the year such payments are received.

These amounts are amortised and the corresponding amounts are recognised as income in the period to which they relate.

(j) Finance income and expense

Finance income comprise of interest on funds invested. Finance costs comprise interest expense on borrowings and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit and loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on **whether foreign currency movements are in a net gain or net loss position except for foreign currency translation** differences recorded in other comprehensive income.

(k) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighed average number of ordinary shares outstanding during the period.

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined or measurement and/or disclosure purposes based on the following methods.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rates of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Other non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date. For trade and other creditors with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

5 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the **Company's objectives, policies and processes for measuring and managing risk, and the Company's** management of capital.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, including implementation and monitoring of these policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board has set up a Corporate Governance Committee which ensures that the Company's corporate profile is strategically aligned with the vision of the shareholders, and its Board. The Committee makes recommendation on the membership and composition of the Board and all its sub committees. It also makes recommendation to the Board on the adoption of corporate governance codes, and practices as well as setting up policies aimed at advancing good governance and sound corporate culture that are aligned with the Company's risk management policies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has no significant concentration of credit risk, with no exposure a large

number of customers.

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company's client base consists mainly of the major states in Nigeria who have **proven track record, own a significant share of the market and have financial backing from their banks.**

Credit Collateral

The Company generally does not hold collateral over its loans and receivable financial assets and no such collaterals were held as at 31 December 2014 (2013:Nil).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company bill customers for services in arrears. This assists in monitoring cash flow **requirements and optimising its cash on demand to meet expected operational expenses, including the servicing of financial obligations;** this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Company manages market risk by keeping costs low to keep prices within profitable range, foreign exchange risks are managed using latest official rates, benchmarking interest rates to LIBOR with a large margin thereon at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity price risks.

Currency risk

The Company is not exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency, the Naira.

The currencies giving rise to this risk are primarily the Nigerian Naira and US Dollars (USD) which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

Interest rate risk

The Company has no loans denominated in foreign currency (USD) and Naira.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor **confidence and to sustain future development of the business. The Board of Directors monitors the** return on capital, which the Company defines as Share Capital plus Share Premium, Deposit for Shares and Accumulated Profit or Losses.

There were no changes to the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

6 Revenue

The Company's revenue accrues solely from its laboratory and clinical services to third parties net of Value Added Taxes.

	2014 N	2013 N
7 Finance income and expense		
Recognised in profit or loss		
Bank charges	4,138,652.80	5,811,043.00
Finance expense	3,280,359.00	1,566,047.00
Total	<u>7,419,011.80</u> =====	<u>7,377,090.00</u> =====
Finance Income		
Other Income	0	0
	<u>0</u> =====	<u>-</u> =====

8 Employee benefits expenses

(a) Employee benefit expenses comprise wages, salaries and pension costs as follows:

EMPLOYEES

	2014 N	2013 N
Wages, salaries, allowances and commissions	169,033,681.46	312,399,069.00
Pension costs and gratuities	3,046,363	0
	<u>172,080,045</u> =====	<u>312,399,069</u> =====

(b) Higher paid employees:

Higher paid employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of N500,000 (excluding pension contributions and certain benefits) during the period, were as follows:

UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

i.The average number of full time persons employed by the Company during the year was as follows:

		2014 Number	2013 Number
0 -	N 500,000	112	98
N 500,001 -	N1,000,000	133	101
N1,000,001 -	N2,000,000	155	139
N2,000,001 -	N3,000,000	51	60
N3,000,001 -	N4,000,000	10	6
N4,000,001 -	N5,000,000	4	4
N5,000,001 -	N6,000,000	7	7
N6,000,001 -	N7,000,000	3	3
N7,000,001 -	Above	5	2
		480	420

ii.

	2014 Number	2013 Number
Finance, Human Resource and Administration	60	54
Commercial and Regulatory	2	2
Operations, Customer Services	24	20
Information technology	11	11

Sales and Marketing	200	183
Legal	2	2
Quality Control and Business Processes	156	120
Internal Audit	15	18
Procurement and Logistics	10	10
	480	420

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

(c) Directors' remuneration:

Remuneration paid to directors of the Company (excluding certain other benefits) was as follows:

	2,014 N	2013 N
Fees as directors	0	0
Other emoluments	5,230,250	0
	5,230,250	-

The directors remuneration shown above includes:

Chairman
Highest paid director

The remuneration of all other directors fell in the ranges below:

Nil
N500,001 - N1,000,000
N1,000,001 - N2,000,000
N2,000,001 - N10,000,000
N10,000,001 - N20,000,000
N20,000,001 and above

(9) TAXATION

(i) Profit and loss account :

Income tax for the year
Income tax - Educational Levy
Deferred Taxation
(Over)/Underprovision in previous year

(ii) Balance Sheet :

Tax charge for the year
Unpaid tax for previous year
Deferred taxation

Less Tax Credit
Less tax paid during the year

	2014	2013
N	N	
	0	0
	0	0
2014		2013
Number	Number	
0	0	
0	-	
2	2	
0	0	
0	0	
0	0	
2	2	
N	N	
	32,842,595.84	20,123,001.00
	6,568,506.03	3,922,443.00
	0	-
	0	-
	39,411,102	24,045,444
	=====	=====
	39,411,101.87	24,045,444.00
	41,681,446	46,083,085
	-	-
	81,092,548	70,128,529
	0	-
	(41,681,446)	(28,447,083)
	39,411,102	41,681,446
	=====	=====

10 Earnings/Loss per share

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2014.

Basic Earnings/loss per share

The calculation of basic Profit/(loss) per share at 31 December 2014 was based on the Profit/(loss) attributable to

ordinary shareholders of N111,177,898 (2013: loss of N995,901,766) and on 3,553,138,528 ordinary shares of

N1.00 each (2013, 3,553,138,528 being the number of ordinary shares in issue during the year.

11. Property, Plant and Equipment	Land & Building	Medical Equipment	Mach, Plant & office equipment N	Office furniture N	Motor vehicles N	Total N
COST/VALUATION						
At 1st January,2014	2,368,760,845.00	1,615,401,685.67	134,302,867.33	15,218,160.00	98,873,460.00	4,232,557,018.00
Additions for the year	54,060,000.00	80,696,439.30	21,639,200.00	3,311,550.00	23,416,000.00	183,123,189.30
Disposal	-	-				
Adjustments	-	-				
At 31st December, 2014	2,422,820,845	1,696,098,125	155,942,067	18,529,710	122,289,460	4,415,680,207
	=====	=====	=====	=====	=====	=====
DEPRECIATION						
At 1st January,2014	58,694,588	1,169,385,485	66,359,506	8,584,613	82,897,270	1,385,921,462
Charge for the year	39,859,522	104,602,042	6,788,881	2,127,965	24,457,892	177,836,302
Adjustments						
At 31st December, 2014	98,554,110	1,273,987,527	73,148,387	10,712,578	107,355,162	1,563,757,764
	=====	=====	=====	=====	=====	=====

NET BOOK VALUE						
At 31st December, 2014	2,324,266,735	422,110,598	82,793,680	7,817,132	14,934,298	2,851,922,443
	=====	=====	=====	=====	=====	=====
At 31st December, 20113	2,310,066,257	446,016,201	67,943,361	6,633,547	15,976,190	2,846,635,556
	=====	=====	=====	=====	=====	=====

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

12. INVENTORIES

Consumables	1,254,744	2,562,025
	-----	-----
	1,254,744	2,562,025
	=====	=====

13. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2014	2013
Trade Debtors	39,321,335.84	36,443,080.00
Staff debtors	124,489.06	614,120.00
Other Debtors	665,501,502.82	683,309,345.00
Prepayments and accrued income	77,239,294.78	116,142,388.00
	-----	-----

	782,186,622.50	836,508,933.00
	=====	=====
14.Cash and cash equivalents		
Bank and cash balances	13,855,900.71	102,139,649.00
Overdraft	(1,790,885.36)	-
	12,065,015.35	102,139,649.00
	=====	=====

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

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FOR THE YEAR ENDED 31ST DECEMBER, 2014.

15 SHARE CAPITAL AND RESERVES	2014	2013
Authorised:	N	N
4,500,000,000 ordinary shares of .50k each	2,250,000,000.00	2,250,000,000.00
	=====	=====
Allotted, called - up and fully paid:		
3,553,138,530 ordinary shares of .50k each	1,776,569,264.00	1,776,569,264.00
	=====	=====
SHARE PREMIUM	2,616,172,623.00	2,616,172,623.00
	=====	=====
RESERVES	2014	2013
At 1st January 2014	(938,392,901.00)	57,508,865.00
Current profit/(loss)	111,177,897.71	(995,901,766.00)
	(827,215,003.29)	(938,392,901.00)

Accumulated Profit/ (losses)

Accumulated Profit/ (losses) represent the carried forward recognised income net of expenses plus current period result attributable to shareholders.

16 Trade and other creditors

Amounts falling due within one year:

Trade creditors

Overdraft	87,579,054.00	297,621,278.00
Other Taxation- paye	1,790,885.36	-
Other Payables	1,053,447.00	-
Accrued charges	40,502,776.92	-
	800,000.00	-
	131,726,163.28	297,621,278.00
	=====	=====

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UNION DIAGNOSTICS & CLINICAL SERVICES PLC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014.

17 Financial Instrument

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014	2013
Trade and other receivables (Note 13)	782,186,622.50	836,508,933.00
Cash and cash equivalents (Note 14)	12,065,015.35	102,139,649.00

794,251,637.85	938,648,582.00
=====	=====

Impairment losses

The aging of trade and other receivables at the reporting date was:

Naira

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 60-180 days	-	-	-	-
More than 180 days	-	-	-	-
	-	-	-	-
	=====	=====	=====	=====

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	N	2014 N	2013
Balance at 1 January		-	-
Impairment losses recognised		-	-
Write off			
Balance at 31 December		-	-

18 Events after the reporting date

There were no significant events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2014, which have not been adequately provided for.

19 Corresponding figures

Where necessary, certain corresponding figures have been reclassified in line with the presentation format adopted in the current year.