



**UNAUDITED FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER 2017**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER 2017**

		The Group			
	Notes	3 months ended 30/09/17 N'000	9 months ended 30/09/17 N'000	3 months ended 30/09/16 N'000	9 months ended 30/09/16 N'000
Revenue	3	910,533	3,136,090	1,104,311	2,300,300
Cost of sales	5	(686,458)	(2,796,834)	(817,347)	(1,410,365)
Gross profit		224,075	339,257	286,964	889,936
Gain on disposal of investment properties		1,043,993	1,525,426	776,372	747,372
Selling and distribution expenses	5	(2,572)	(12,167)	(3,016)	(9,973)
Administrative expenses	5	(752,412)	(1,067,425)	(536,713)	(1,036,500)
Other operating income	4i	53,083	351,023	128,409	170,155
Other Losses	4iii	(10,066)	(120,672)	-	-
Operating (loss)/ profit		556,100	1,015,441	652,017	760,990
Finance income	6	116,610	418,528	168,783	453,989
Finance cost	6	(886,226)	(3,941,054)	(841,413)	(1,761,673)
Net finance cost		(769,616)	(3,522,526)	(672,630)	(1,307,684)
Share of profit of associates	4ii	280,714	923,571	122,410	1,092,601
Share of Loss of Joint Ventures		(106,590)	(319,769)	-	-
(Loss)/ Profit before taxation		(39,391)	(1,903,283)	101,796	545,907
Taxation	7	(86,755)	(130,062)	(21,211)	(109,181)
(Loss)/Profit from continuing operations		(126,146)	(2,033,345)	80,585	436,726
Discontinued operations					
Loss from discontinued operations	24	(29,359)	(185,544)	(91,087)	(412,954)
(Loss)/Profit for the period		(155,505)	(2,218,888)	(10,502)	23,773
Other comprehensive income for the period net of taxation		-	-	-	-
Total comprehensive income/(Loss) for the period		(155,505)	(2,218,888)	(10,502)	23,773
Profit/ (Loss) attributable to:					
Equity holders of the parent		(150,593)	(2,209,055)	(5,448)	45,659
Non controlling interest		(4,912)	(9,834)	(5,053)	(21,886)
Total Profit/(Loss)		(155,505)	(2,218,888)	(10,502)	23,773
Total comprehensive income/(Loss) attributable to:					
Equity holders of the parent		(150,593)	(2,209,055)	(5,448)	45,659
Non controlling interests		(4,912)	(9,834)	(5,053)	(21,886)
Total comprehensive income/(Loss)		(155,505)	(2,218,888)	(10,502)	23,773
Earnings per share for profit attributable to the equity holders of the group:					
Basic Earnings Per Share (Kobo)	8	(7)	(122)	(0)	3
Diluted Earnings Per Share (Kobo)	8	(7)	(122)	(0)	3

The notes on pages 5 to 16 are an integral part of these consolidated financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2017

		The Group	
		30 Sept. 2017	31 Dec. 2016
		N'000	N'000
	Notes		
Assets			
Non-current assets			
Property, plant and equipment	9	93,212	87,304
Intangible assets	10	42,582	46,389
Investment properties	11	12,317,593	16,654,320
Investments in joint ventures	12	161,520	481,289
Investments in associates	12	19,214,990	19,214,990
Available-for-sale financial assets	13	10,000	10,000
Investments in subsidiaries	14	-	-
		31,839,897	36,494,292
Current assets			
Inventories	15	10,402,317	12,687,437
Trade and other receivables	16	9,863,168	9,250,996
Cash at bank and in hand	17	159,876	54,455
		20,425,360	21,992,888
Assets of disposal group classified as held for sale/distribution to owners	24	12,265,573	12,416,559
Total assets		64,530,830	70,903,737
Equity			
Share capital	25	1,299,198	859,375
Share premium	25	6,065,397	3,943,273
Retained earnings		27,162,699	29,371,754
Equity attributable to equity holders of the Company		34,527,294	34,174,401
Non controlling interest		(160,121)	(150,287)
Total equity		34,367,172	34,024,115
Liabilities			
Non-current liabilities			
Interest bearing Loans and Borrowings	18	1,000,000	4,000,000
Deferred taxation liabilities		72,537	72,537
Deferred revenue	22	5,236	4,600
		1,077,773	4,077,137
Current liabilities			
Trade and other payables	19	8,442,582	11,865,734
Current income tax liabilities		861,172	732,519
Interest bearing Loans and Borrowings	18	18,492,822	18,607,800
Dividend Payable		359,688	307,767
Deferred revenue	20	143,006	220,136
		28,299,269	31,733,956
Liabilities of disposal group classified as held for sale/distribution to owners	24	786,617	1,068,530
Total liabilities		30,163,659	36,879,622
Total equity and liabilities		64,530,830	70,903,737

The financial statements on pages 1 to 4 were approved and authorised for issue by the board of directors on 24 October 2017 and were signed on its behalf by:



Hakeem D. Ogunniran
Managing Director/CEO

FRC/2013/ICSAN/00000001723



Adeniyun O. Taiwo
Finance Director

FRC/2013/ICAN/0000000723

The summary of significant accounting policies and notes on pages 5 to 16 are an integral part of these financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30TH SEPTEMBER 2017**

**THE GROUP
Attributable to owners of the Company**

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2016	859,375	3,943,273	30,892,525	35,695,172	(121,003)	35,574,169
Profit for the period	-	-	45,659	45,659	(21,886)	23,773
Balance at 30 September 2016	859,375	3,943,273	30,938,184	35,740,831	(142,889)	35,597,942
Balance at 1 January 2017	859,375	3,943,273	29,371,754	34,174,401	(150,287)	34,024,114
Right Issue	439,823	2,122,124	-	2,561,947	-	2,561,947
Loss for the period	-	-	(2,209,055)	(2,209,055)	(9,834)	(2,218,888)
Balance at 30 September 2017	1,299,198	6,065,397	27,162,699	34,527,294	(160,121)	34,367,172

The summary of significant accounting policies and notes on pages 5 to 16 are an integral part of these financial statements.

UACN PROPERTY DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30TH SEPTEMBER 2017

	The Group	
	2017 September N'000	2016 September N'000
Cash flow from operating activities (Note 21)	465,824	(1,538,079)
CIT paid	-	(51,038)
VAT paid	(98,003)	-
Net Cash inflow from operating activities	367,820	(1,589,117)
Cash flow from investing activities		
Proceeds from sale of investment property	5,989,405	2,497,422
Purchase of property, plant & equipment	(26,958)	(44,061)
Purchase of intangible asset	(6,010)	(3,305)
Proceeds from sale of property, plant and equipment	3,945	11,611
Additions of investment properties	(15,819)	(15,539)
Income Distribution from UPDC REIT	400,027	1,092,601
Interest received	418,528	453,989
Net cash flow from investing activities	6,763,117	3,992,718
Cash flow from financing activities		
Net proceed from right issue	(67,741)	-
Proceeds from borrowings	1,106,560	16,914,056
Repayment of borrowings	(4,221,538)	(15,891,914)
Interest paid	(3,941,054)	(1,761,673)
Recovery of excess bank charges	265,244	-
Net cash flow from financing activities	(6,858,528)	(739,532)
Net increase/(decrease) in cash and cash equivalents	272,410	1,664,069
Net foreign exchange difference	275	6,024
Cash and cash equivalents at the beginning of the period	(863,383)	(1,148,516)
Cash and cash equivalents at the end of the period (Note 17)	(590,697)	521,576

The statement of accounting policies and the notes on pages 5 to 16 form an integral part of these financial statements

UACN PROPERTY DEVELOPMENT COMPANY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER 2017

1. General information

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

(All amounts are in Naira thousands unless otherwise stated)

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December, 2016.

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 2016.

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 2016. There have been no changes in the risk management structure since year end or in any risk management policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Segment Analysis

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

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at September 30, 2017, UPDC Plc operations comprised one main business segments which is Property development, sales and management.

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

Entity wide information

Analysis of revenue by category:

	30 Sep 2017 N'000	30 Sep 2016 N'000
Sale of property stock	2,275,706	1,733,225
James Pinnock sale of property stock	338,066	-
Rental income	380,375	371,124
Project and Management Surcharge Income	141,943	195,947
	3,136,090	2,300,297

Analysis of revenue by geographical location:

	30 Sep 2017 N'000	30 Sep 2016 N'000
Nigeria	3,136,090	2,300,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 (i). Other Income

	The Group	
	Sep 2017 N'000	Sep 2016 N'000
Income distribution from UPDC REIT	-	-
Sales commission	3,164	-
Legal and Documentation Fee	58,840	45,382
Profit on sale of PPE	3,890	2,888
Service charge income from UHL	7,905	8,366
Recovery of excess bank charges	265,244	-
Other Income	11,980	113,518
Total other income	351,023	170,155

4 (ii) Share of profit of associate

923,571 1,092,601

UPDC diversified its portfolio in 2013 through the floating of the UPDC Real Estate Investment Trust (REIT). Five (5) major investment properties were transferred to the UPDC REIT namely Abebe courts Ikoyi, Victoria Mall Plaza (VMP), residential and office block, Victoria Island, UACN commercial complex Abuja and MDS warehouse at Aba. Amount represents recognition of Profit from the REIT for the period under review.

4 (iii) Other Losses

	The Group	
	Sep 2017 N'000	Sep 2016 N'000
Losses on Projects	120,672	-

Losses on projects are additional costs post incurred post project completion.

5 (a) Expenses by nature

	The Group	
	Sep 2017 N'000	Sep 2016 N'000
Change in inventories of finished goods and work in progress	3,226,711	1,809,236
Direct operating expenses for Investment properties	21,222	47,398
Personnel expenses	396,967	327,912
Depreciation & Amortization	30,762	47,582
Professional fees	44,100	103,211
Directors' emoluments	54,032	40,013
UACN management fee	27,980	23,003
Information Technology	50,006	37,293
Insurance	12,478	11,216
Marketing & Communication	12,167	9,973
Back duty	-	450,288
	3,876,426	2,456,836

5 (b) Expenses by function

Cost of sales	2,796,834	1,410,365
Selling and distribution expenses	12,167	9,973
Administrative expenses	1,067,425	1,036,500
	3,876,426	2,456,836

6. Net finance income/(cost)

	The Group	
	Sep 2017 N'000	Sep 2016 N'000
Finance Income	418,528	453,989
Interest payable on borrowings	(3,644,485)	(1,447,748)
Interest payable on bank overdraft	(296,569)	(313,925)
Finance Costs	(3,941,054)	(1,761,673)
Net finance cost	(3,522,526)	(1,307,684)

7. Taxation

	The Group	
	Sep 2017 N'000	Sep 2016 N'000
<i>Current tax</i>		
Nigeria corporation tax charge/ (credit) for the period	130,062	109,181
Total current tax charge	130,062	109,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

	The Group	
	Sep 2017	Sep 2016
Profit attributable to ordinary equity shareholders (NGN 000)	(2,209,055)	45,659
Basic earnings per share (Kobo)	(122)	3
Diluted earnings per share (Kobo)	(122)	3

	The Group	
	Sep 2017 Number ('000)	Sep 2016 Number ('000)
Basic weighted average and Diluted weighted average number of shares.	1,816,488	1,718,750

The company undertook a right issue of 1.7 billion at N3.00 per share on the basis of one new ordinary share for every one ordinary share. Consequently, additional 879.6 million ordinary shares were issued and listed on NSE platform.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has no dilutive instruments.

9. Property, plant and equipment

The Group

Cost	Leasehold land and buildings N'000	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
At 1 January 2017	14,515,138	255,098	810,762	1,514,953	131,179	17,227,129
Addition	-	55	24,123	2,076	704	26,958
Disposals	-	(6,768)	-	(693)	(154)	(7,616)
Assets held for sale	(14,515,138)	(72,506)	(683,765)	(1,457,217)	(70,892)	(16,799,519)
At 30 September 2017	-	175,878	151,119	59,119	60,836	446,953

Accumulated depreciation and impairment

At 1 January 2017	2,565,861	197,654	803,845	1,294,391	119,135	4,980,886
Charge for the period	-	8,987	7,259	2,389	2,311	20,947
Impairment charge	-	-	-	-	-	-
Disposals	-	(6,768)	-	(593)	(154)	(7,515)
Assets held for sale	(2,565,861)	(52,598)	(708,716)	(1,247,090)	(66,312)	(4,640,577)
At 30 September 2017	-	147,275	102,388	49,098	54,979	353,740

Net book values

At 30 September 2017	-	28,603	48,731	10,021	5,857	93,212
At 31 December 2016	-	37,536	31,868	10,434	7,464	87,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Intangible assets

Cost	The Group
	Software N'000
At 1 January 2017	279,354
Additions	6,010
Disposals	-
At 30 September 2017	285,364
Amortisation	
At 1 January 2017	232,967
Amortisation for the period	9,816
At 30 September 2017	242,783
Net book values	
At 30 September 2017	42,582
At 31 December 2016	46,389

11. Investment property

Fair value	The Group		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 1 January 2017	441,050	16,213,270	16,654,320
Additions	-	15,819	15,819
Reclassification	-	-	-
Disposals	-	(4,352,545)	(4,352,545)
At 30 September 2017	441,050	11,876,543	12,317,593

Fair value	The Group		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 1 January 2016	471,138	16,395,877	16,867,015
Additions	-	15,539	15,539
Reclassification	(23,588)	23,588	-
Reclassification from property stocks held as inventories - Note 15(ii)	-	312,845	312,845
Disposals	-	(2,050,050)	(2,050,050)
Net gain/ Deficit on revaluation	(6,500)	1,515,470	1,508,970
At 31 Dec 2016	441,050	16,213,270	16,654,320

Nine (9) properties in Lagos and Ibadan valued at N4.4billion were disposed during the period for a sales proceed of N5.99billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Investments in associates and equity accounted joint ventures

Principal investments	The Group		Sep 2017 % holding	Dec-16 % holding
	Sep 2017 N'000	Dec-16 N'000		
Quoted shares:				
UPDC REIT	19,214,990	19,214,990	61.8%	61.8%
Joint Ventures				
UPDC Metro City Limited	-	-	60.0%	60.0%
First Festival Mall Limited	87,914	407,683	45.0%	45.0%
Transit Village Dev. Co. Ltd	73,606	73,606	40.0%	40.0%
	161,520	481,289		
	19,376,510	19,696,279		

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

	The Group	
	Sep 2017 N'000	Dec-16 N'000
At 1 January 2017	481,289	2,088,068
Share of (loss)/ profit of First Festival Mall Limited	(319,769)	173,256
Impairment of investment in UPDC Metro City Limited	-	(244,170)
Derecognition of investment in James Pinnock	-	(1,535,865)
At 30 September 2017	161,520	481,289

13. Available for sale financial asset

	The Group	
	Sep 2017 N'000	Dec-16 N'000
Investment in UNICO CPFA Limited	10,000	10,000

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

14. Investments in subsidiaries

	The Group		% Shareholding	
	Sep 2017 N'000	Dec-16 N'000	Sep 2017 N'000	Dec-16 N'000
UPDC Hotels Limited				
2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94.70	94.70
Manor Gardens				
53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.50	67.50
	2,136,310	2,136,310		
Impairment of investments	(2,136,310)	(2,136,310)		
	-	-		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15(i). Inventories

	The Group	
	Sep 2017 N'000	Dec-16 N'000
Non trade stock	12,131	15,305
Properties under construction (note 15ii)	10,390,187	12,672,132
	10,402,318	12,687,437

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

15(ii). Properties under construction

Cost	The Group	
	Sep 2017 N'000	Dec-16 N'000
Balance 1 January	12,672,132	12,166,714
Additions	889,692	5,021,016
Reclassification as investment properties (Note 11)	-	(312,845)
Reclassification to advance payment to vendors	(1,004,510)	-
Sales	(2,167,127)	(2,402,787)
Other losses from completed projects	-	(1,695,579)
Provision for Manor Gardens	-	(132,936)
Unrealised gain on transfer of asset	-	28,548
	10,390,187	12,672,132

16. Trade and other receivables

	The Group	
	Sep 2017 N'000	Dec-16 N'000
Trade receivables	942,474	1,465,582
Less: provision for impairment of trade receivables	(128,507)	(128,507)
Net trade receivables	813,967	1,337,075
Receivables from group companies (Note 22)	7,184,418	7,007,840
Other receivables	1,862,887	903,201
Advances to staff	1,896	2,878
	9,863,168	9,250,996
Analysis of other receivables		
Mobilization payments to contractors	1,108,541	87,345
Prepayments and accrued income	67,088	185,840
Sundry debit balances	687,258	630,016
	1,862,887	903,201

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

	The Group	
	Sep 2017 N'000	Dec-16 N'000
At 1 January	128,507	159,858
Unused amounts reversed	-	(31,351)
	128,507	128,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Cash and cash equivalents

	The Group	
	Sep-17 N'000	Dec-16 N'000
Cash at bank and in hand	112,519	54,455
Short term investment	47,357	-
	159,876	54,455
Less: bank overdrafts (included in borrowings, note 18)	(750,573)	(952,493)
Cash and cash equivalents	(590,697)	(898,038)

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

18. Interest bearing Loans and Borrowings

	The Group	
	Sep-17 N'000	Dec-16 N'000
Current borrowings		
Bank Overdrafts	750,573	952,493
Commercial papers dues within one year	16,428,534	15,321,974
Loans due within one year (i)	1,313,715	2,333,333
	18,492,822	18,607,800
Non-current borrowings		
Loans due after one year (i)	1,000,000	4,000,000
	1,000,000	4,000,000
Total borrowings	19,492,822	22,607,800

(i) Loans

The Group	Amount due		Tenor	Repayment terms	Security
	Sep-17 N'000	Dec-16 N'000			
Details of the loan maturities are as follows:					
Guaranty Trust Bank Plc	-	3,000,000	23 months	Half yearly	Equitable mortgage
FSDH Merchant Bank Ltd	2,313,715	3,333,333		Quarterly	
	2,313,715	6,333,333			

The average interest rate for facilities during the period was 22.1% (2016 was 14.1%).

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

Total borrowing cost of N238 million (2016: N777 million) have been capitalised into various projects using weighted average rate of 22.1%.

Details of commercial papers

	The Group	
	Sep-17 N'000	Dec-16 N'000
First Bank of Nigeria Limited	300,000	300,000
Commercial Paper	16,128,534	15,021,974
Total Commercial Papers	16,428,534	15,321,974

Of this N16.4 billion Commercial Papers, N6.8 billion was liquidity support provided by FBN Merchant Bank and Coronation Merchant Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Trade and other payables

	The Group	
	Sep-17 N'000	Dec-16 N'000
Trade payables	1,060,909	1,337,748
Amounts owed to other related parties (Note 22)	6,588,009	9,703,624
	7,648,918	11,041,372
Provision for employee leave	2,243	8,114
Other payables	360,973	165,256
Accruals	430,447	650,991
Total	8,442,582	11,865,734

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate its fair value.

20. Deferred revenue

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

	The Group	
	Sep-17 N'000	Dec-16 N'000
Within one year	143,006	220,136
Greater than one year	5,236	4,600
	148,242	224,735

The Group lease out a number of premises to third parties. These are subject to review dates ranging from 1 year to 2 years. The Group has no contingent rent nor significant leasing arrangement.

Movement in the deferred revenue is as follows:

	The Group	
	Sep-17 N'000	Dec-16 N'000
Opening balance	224,735	257,121
Rental received in the period	303,882	510,574
Less amount released to Comprehensive Income	(380,375)	(542,960)
Balance carried forward	148,242	224,735

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

	The Group	
	Sep-17 N'000	Sep-16 N'000
Profit before tax	(1,903,283)	545,904
Adjustment for non cash items:		
Depreciation	20,947	41,195
Losses on ongoing projects	120,672	-
Amortization of intangible asset	9,816	6,388
(Gain)/ Loss on disposal of investment properties	(1,525,426)	(747,372)
(Profit)/ Loss on disposal of property, plant and equipment	(3,890)	(2,888)
Finance cost	3,941,054	1,761,673
Finance income	(418,528)	(453,989)
Exchange (gain)/ Loss	(275)	(6,024)
Recovery of excess bank charges	(265,244)	-
Share of profit of UPDC REIT	(400,027)	(1,092,601)
Share of loss of Joint Ventures	319,769	-
	(104,415)	52,287
Changes in working capital:		
(Increase)/decrease in inventories	2,285,119	(2,404,713)
Decrease/(increase) in receivables	(612,172)	(1,837,253)
Increase/(decrease) in payables	(3,377,783)	2,418,619
Intra-group payable converted to equity in respect of rights issue subscribed by UACN	2,629,688	-
Cash generated from continued operations	820,436	(1,771,060)
(Increase)/decrease in inventories	28,504	(33,220)
Decrease/(increase) in receivables	(101,203)	49,121
Increase/(decrease) in payables	(281,913)	217,079
Cash generated from discontinued operations	(354,613)	232,981
Net cash from/(used in) operations	465,824	(1,538,079)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Related party transactions

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

The following transactions were carried out with related parties:

		The Group	
		Sep 2017	Sep 2016
		N'000	N'000
	Relationship		
(a) Sales of goods and services			
UAC of Nigeria Plc	Parent	77,186	64,944
UAC Restaurants Limited	Fellow Subsidiary	16,009	21,585
MDS Logistics Plc	Fellow Subsidiary	13,669	11,806
Chemical & Allied Products Plc	Fellow Subsidiary	5,682	4,508
Portland Paints & Products Nig. Plc	Fellow Subsidiary	474	434
UNICO CPFA Limited	Fellow Subsidiary	-	1,068

		The Group	
		Sep 2017	Sep 2016
		N'000	N'000
	Relationship		
(b) Purchases of goods and services			
UAC of Nigeria Plc	Parent	27,980	23,003
Chemical & Allied Products Plc	Fellow Subsidiary	6,442	8,571
Portland Paints & Products Nig. Plc	Fellow Subsidiary	1,471	12,043
Warm Spring Waters Nig Limited		-	478

		The Group	
		Sep 2017	Dec-16
		N'000	N'000
Receivable:	Relationship		
(c) Period-end balances arising from sales/purchases of goods/services			
UPDC Metrocity Limited	Joint Venture	978,146	1,141,850
UPDC Metrocity Limited Loan	Joint Venture	1,383,626	1,383,626
First Festival Mall Limited Loan (i)	Joint Venture	1,328,422	1,328,422
First Festival Mall Limited	Joint Venture	922,610	780,034
First Restoration Dev. Co. Limited	Joint Venture	444,515	646,006
Calabar Golf Estate Limited	Joint Venture	539,131	531,159
Pinnacle Apartment Development Limited	Joint Venture	214,275	302,456
Imani and Sons	JV Partner	800,173	696,660
Galaxy Mall Current Account	Joint Venture	73,314	70,809
UPDC REIT	Associate	379,719	5,437
UAC of Nigeria Plc	Parent Company	2,890	-
Grand Cereals Limited	Fellow Subsidiary	96,316	96,316
UAC Restaurants Limited	Fellow Subsidiary	21,282	25,065
		7,184,418	7,007,840

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Payable	Relationship	The Group	
		Sep 2017 N'000	Dec-16 N'000
UAC of Nigeria Plc.	Parent Company	1,461,011	3,927,162
Chemical and Allied Products Plc	Fellow Subsidiary	263	6,705
UPDC REIT	Associate	-	14,610
MDS Logistics Plc	Fellow Subsidiary	566,028	1,279,830
James Pinnock current account	Joint Venture	4,045,607	3,949,143
Portland Paints and Products Nig. Plc	Fellow Subsidiary	2,133	662
UAC Foods Limited	Fellow Subsidiary	512,952	524,707
UAC Restaurants Limited	Fellow Subsidiary	-	765
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	15	41
		6,588,009	9,703,624

All trading balances will be settled in cash.

There were no provisions for doubtful related party receivables at 30 September 2017 (2016: nil) and no charges to the income statement in respect of doubtful related party receivables (2016: nil).

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

23. Management service agreement

The company has a Management Service Agreement with UAC of Nigeria Plc. This agreement provides that the Company pays an annual fee of 1% of its turnover to UACN for services received under the agreement. The services provided include Business Strategy and Financial Advisory, Treasury, Secretarial & Legal, Human Resources Management, Insurance, Pensions & Gratuity Administration, Medical etc. The amount charged in these financial statements is N29.55 million (2016: N23 million). This does not include share of James Pinnock sales (Company's joint operation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Disposal group held for sale and discontinued operations

UPDC Hotels Ltd.

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

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

	UHL	
	30 Sept. 2017 N'000	31 Dec. 2016 N'000
<u>Assets</u>		
Non-current assets:		
Property, plant and equipment	11,892,670	12,159,307
Intangible assets	3,716	5,016
	11,896,386	12,164,324
Current assets:		
Inventories	152,060	180,564
Trade and other receivables	138,219	37,016
Cash and short-term deposits	78,908	34,656
	369,186	252,235
Total	12,265,573	12,416,559
<u>Liabilities</u>		
Current liabilities		
Trade and other payables	786,617	1,068,530
Total	786,617	1,068,530

UPDC Hotels owe UPDC Plc N14.4 billion, this amount was treated as intragroup transaction on consolidation.

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

	UHL	
	9 months ended 30/09/17 N'000	9 months ended 30/09/16 N'000
Revenue	1,220,872	913,204
Cost of sales	(955,279)	(894,412)
Gross profit	265,594	18,791
Selling and distribution expenses	(69,355)	(87,930)
Administrative expenses	(370,486)	(386,471)
Other operating income	7,454	46,919
Operating profit	(166,794)	(408,691)
Finance cost	(18,750)	-
Loss from discontinued operations	(185,544)	(408,691)

Cashflows from discontinued operations:

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

	2017 September N'000	2016 September N'000
Operating	76,801	(8,614)
Investing	(2,383)	24,271
Financing	(30,165)	(18,880)
Net cash (outflows)/inflows	44,252	(3,223)