

Unaudited Financial Statements for the period ended 30 June 2022

UPDC PLC RC.321582

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Directors: Mr. O. Oshin (Chairman), Mr. O. Ojo (CEO), Mr. F. Aiyesimoju, Mr. K. Osilaja, Mr. A. Falade

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UPDC Plc
Financial Highlights
For the period ended 30 June 2022

	The Group		
	30 Jun. 22	30 Jun. 21	%
	N'000	N'000	Change
Revenue	1,137,502	316,056	260
Cost of Sales	(703,218)	(260,528)	(170)
Gross Profit/(loss)	434,284	55,528	(682)
Operating Expenses	(346,051)	(453,523)	24
Other Operating Income	140,898	61,206	130
Operating profit/(loss)	229,131	(88,696)	358
Net finance cost	(235,273)	(422,787)	44
Loss before taxation	(6,142)	(511,483)	99
Taxation	(37,850)	(62,495)	39
Loss from discontinued operations	(28,287)	(29,316)	(4)
Loss for the period	(72,279)	(603,294)	88
Total comprehensive loss for the period	(205,692)	(583,282)	65
Total Equity	7,812,376	8,018,068	(3)
Total equity and liabilities	18,851,815	19,596,232	(4)
Cash and Cash equivalents	2,202,659	1,878,320	17

UPDC Plc
Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the period ended 30 June 2022

	Notes	The Group			
		3 months ended	6 months ended	3 months ended	6 months ended
		30 Jun. 22 N'000	30 Jun. 22 N'000	30 Jun. 21 N'000	30 Jun. 21 N'000
Revenue	3	356,722	1,137,502	243,618	316,056
Cost of sales	5	(216,677)	(703,218)	(206,787)	(260,528)
Gross profit		140,045	434,284	36,831	55,528
Profit on disposal on investment properties	12	-	-	248,093	248,093
Selling and distribution expenses	5	(21,691)	(36,285)	(7,177)	(29,677)
Administrative expenses	5	(179,730)	(309,766)	(185,146)	(423,846)
Other operating income	4	27,560	140,898	31,745	61,206
Operating profit/(loss)		(33,816)	229,131	124,346	(88,696)
Finance income	6	13,055	25,613	15,236	17,854
Finance cost	6	(131,163)	(260,886)	(241,832)	(440,641)
Net finance cost		(118,108)	(235,273)	(226,596)	(422,787)
Loss before taxation		(151,924)	(6,142)	(102,250)	(511,483)
Taxation	7	(21,607)	(37,850)	(62,495)	(62,495)
Loss after tax from continuing operations		(173,531)	(43,992)	(164,745)	(573,978)
Discontinued operations					
Loss from discontinued operations	24	(19,559)	(28,287)	(39,454)	(29,316)
Loss for the period		(193,090)	(72,279)	(204,199)	(603,294)
Other comprehensive income:					
<i>Items not to be subsequently recycled to profit or loss:</i>					
Net changes in fair value of financial assets	13	(20,012)	(133,413)	6,671	20,012
Tax on other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(213,102)	(205,692)	(197,528)	(583,282)
Profit/ (loss) attributable to:					
Equity holders of the parent		(231,621)	(106,470)	(227,850)	(648,005)
Non controlling interest		18,519	34,191	23,651	44,711
Total loss		(213,102)	(72,279)	(204,199)	(603,294)
Total comprehensive profit/(loss) attributable to:					
Equity holders of the parent		(231,621)	(239,883)	(221,179)	(627,993)
Non controlling interests		18,519	34,191	23,651	44,711
Total comprehensive loss		(213,102)	(205,692)	(197,528)	(583,282)
Earnings per share for profit/(loss) attributable to the equity holders of the					
Basic Loss Per Share (Kobo)					
From continuing operations	8	(1)	-	(1)	(3)
From discontinued operations	8	-	-	-	-
From loss for the period		(1)	-	(1)	(3)
Diluted Loss)Per Share (Kobo)					
From continuing operations	8	(1)	-	(1)	(3)
From discontinued operations	8	-	-	-	-
From loss for the period		(1)	-	(1)	(3)

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

UPDC Plc
Consolidated Statement of Financial Position
As at 30 June 2022

	Notes	The Group	
		30 Jun. 2022 N'000	31 Dec. 2021 N'000
Assets			
Non-current assets			
Property, plant and equipment	9	48,033	49,928
Intangible assets	10	14,324	16,389
Investment properties	11	-	-
Investments in joint ventures	12	130,393	130,393
Equity instrument at fair value	13	460,276	593,690
Investments in subsidiaries	14	-	-
		653,026	790,400
Current assets			
Inventories	15	5,508,344	6,084,508
Trade and other receivables	16	2,306,931	2,659,414
Current tax assets	7 (i)	96,908	96,908
Cash at bank and in hand	17	2,202,659	1,878,320
		10,114,843	10,719,150
Assets of disposal group classified as held for sale/distribution to owners	23 (ii)	8,083,946	8,086,682
Total assets		18,851,815	19,596,232
Equity			
Share capital		9,279,985	9,279,985
Share premium		8,971,551	8,971,551
Fair value reserve of financial assets at FVOCI		(106,730)	26,683
Other reserves		391,420	391,420
Revenue reserve		(10,760,603)	(10,654,133)
Equity attributable to equity holders of the Company		7,775,623	8,015,506
Non controlling interest		36,753	2,562
Total equity		7,812,376	8,018,068
Liabilities			
Non-current liabilities			
Interest bearing Loans and Borrowings	18	5,511,653	5,511,653
Deferred taxation liabilities		72,537	72,537
Deferred revenue	20	-	-
		5,584,190	5,584,190
Current liabilities			
Trade and other payables	19	4,075,967	4,561,683
Current income tax liabilities		54,621	145,784
Deferred revenue	20	98,610	98,610
		4,229,197	4,806,077
Liabilities of disposal group classified as held for sale/distribution to owners	23	1,226,051	1,187,897
Total liabilities		11,039,438	11,578,164
Total equity and liabilities		18,851,815	19,596,232

The unaudited financial statements were approved by the board of directors on 28 July 2022 and signed on its behalf by:



Wole Oshin
Chairman
FRC/2013/CIIN/00000003054



Odunayo Ojo
Chief Executive Officer
FRC/2016/NIESV/00000014322



Olugbenga Fagbami
Financial Controller
FRC/2018/ICAN/00000018050

The notes on pages 6 to 16 are an integral part of these consolidated financial statements.

UPDC Plc
Consolidated Statement of Changes in Equity
For the period ended 30 June 2022

The Group
Attributable to owners of the Company

	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Other Reserves N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2021	9,279,985	8,971,551	(8,728,022)	-	166,767	9,690,281	(48,493)	9,641,788
Loss for the period	-	-	(648,005)	-	-	(648,005)	44,711	(603,294)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	20,012	20,012	-	20,012
Balance at 30 June 2021	9,279,985	8,971,551	(9,376,027)	-	186,779	9,062,288	(3,782)	9,058,506
Balance at 1 January 2022	9,279,985	8,971,551	(10,654,133)	391,420	26,683	8,015,506	2,562	8,018,068
Profit for the period	-	-	(106,470)	-	-	(106,470)	34,191	(72,279)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(133,413)	(133,413)	-	(133,413)
Balance at 30 June 2022	9,279,985	8,971,551	(10,760,603)	391,420	(106,730)	7,775,623	36,753	7,812,376

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

UPDC Plc
Consolidated Statement of Cash Flows
For the period ended 30 June 2022

	The Group	
	2022 June N'000	2021 June N'000
Cash flow from operating activities (Note 21)	640,617	174,241
Company Income Tax paid	(63,869)	(13,586)
Capital Gains Tax Paid	(65,145)	(27,282)
VAT paid	(33,942)	(123,678)
Net Cash inflow from operating activities	477,661	9,695
Cash flow from investing activities		
Proceeds from sale of investment property	-	896,175
Purchase of property, plant & equipment	(6,122)	(30,354)
Purchase of intangible asset	-	(13,412)
Proceeds from sale of property, plant and equipment	-	10,972
Interest received	25,613	17,854
Net cash flow from investing activities	19,491	881,235
Cash flow from financing activities		
Proceeds from borrowings - Note 18 (ii)	-	4,690,707
Repayment of borrowings - Note 18 (ii)	-	(4,355,000)
Interest paid	(172,701)	(353,331)
Net cash flow from financing activities	(172,701)	(17,624)
Net increase in cash and cash equivalents	324,451	873,306
Net foreign exchange difference	(111)	(15,167)
Cash and cash equivalents at the beginning of the period	1,878,320	2,947,335
Cash and cash equivalents at the end of the period (Note 17)	2,202,659	3,805,474

The notes on pages 6 to 16 are an integral part of these consolidated financial statements.

1.1 General information

UPDC Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group has businesses with activities in real estate and hotel management. The registered office address is 1-5 Odunlami Street, Lagos.

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

1.2 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) UPDC 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.

1.3 Management's Assessment of Internal Controls

The management of UPDC Plc is responsible for establishing and maintaining adequate internal control over financial reporting. UPDC's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair representation of published financial statements.

UPDC's management assessed the effectiveness of the Company's internal controls within the reporting period. Based on our assessment, we believe that as of 31 December 2021, the Company's internal controls are effective. We will continue to work on further strengthening this position.

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 Properties, held for trading and available for sale financial instruments which are carried at fair value.

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December, 2021.

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 2021.

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 2021. There have been no changes in the risk management structure since year end or in any risk management policy.

3. Segment Analysis

The chief operating decision-maker has been identified as the Executive Committee (Exco). The 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 30 June 2022, UPDC Plc's operations comprised two main business segments which are Property Development, Sales & Management and Hospitality Services. However, the latter has been classified as discontinued operation/ held for sale.

Property Development, Sales & Management - UPDC Plc's main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the Highbrow and Middle Income segments of the real estate market in Nigeria. The Company approaches property planning from the customers' perspective to create comfortable living/working environments. UPDC Facility Management Limited is a subsidiary of UPDC Plc. The Company provides facilities management services to residential and commercial properties in Nigeria.

Hospitality Services - UPDC Hotel Ltd., the company's subsidiary is in the hospitality industry and leverages significantly on the success of its principal promoter UPDC Plc. The hotel provides services such as sale of rooms, conference halls as well as food & beverages.

The following measures of performance are reviewed by the Exco:

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

	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
	N'000	N'000	N'000	N'000
30 June 2022				
Total Revenue	1,137,502	84,463	(84,463)	1,137,502
Intergroup revenue	-	-	-	-
Revenue to third parties	1,137,502	84,463	(84,463)	1,137,502
Earnings before interest and tax	229,131	(28,287)	28,287	229,131
Loss before tax	(6,142)	(28,287)	28,287	(6,142)
Net current assets	5,885,645	(1,061,483)	1,061,483	5,885,645
Property, plant and equipment	48,033	11,943,485	(11,943,485)	48,033

	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
	N'000	N'000	N'000	N'000
30 June 2021				
Total Revenue	316,056	93,972	(93,972)	316,056
Intergroup revenue	-	-	-	-
Revenue to third parties	316,056	93,972	(93,972)	316,056
Earnings before interest and tax	(88,696)	(29,316)	29,316	(88,696)
Loss before tax	(511,483)	(29,316)	29,316	(511,483)
Net current assets	5,913,073	(1,020,592)	1,020,592	5,913,073
Property, plant and equipment	49,928	11,943,485	(11,943,485)	49,928

Entity wide information	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Analysis of revenue by category:		
Sale of Property Stock	355,850	137,614
Rental income	-	9,101
Project/ Asset Management Fee	196,799	31,052
UPDC Plc	552,649	177,767
Deep Horizon Inv. Ltd Sale of Property Stock	420,660	-
UPDC Facility Mgt Ltd. Management Surcharge Income	164,193	138,289
Group	1,137,502	316,056
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Analysis of revenue by geographical location:		
Nigeria	1,137,502	316,056
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Revenue		
Revenue from contract with customers	1,137,502	306,955
Rental income	-	9,101
	1,137,502	316,056

4. Other Operating Income

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Investment income	24,623	-
Gain on disposal of PPE	-	9,711
Recovery on facility management	35,339	32,469
Others	80,937	19,026
Total other income	140,898	61,206

5 (i) Expenses by nature

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Change in inventories of finished goods & other direct costs of inventories	613,252	166,617
Property Maintenance expenses	20,080	83,055
Personnel expenses	215,701	207,843
Depreciation & Amortization	10,082	8,785
Exchange loss	111	15,167
Rent	7,111	4,405
Vehicles repairs, maintenance & fueling	1,229	462
Other repairs & maintenance	2,918	-
Legal expenses	17,065	17,109
Auditors' remuneration	4,031	9,975
Directors' emoluments	9,036	1,160
Information Technology	27,822	16,223
Insurance	7,399	7,303
Marketing, advertising & communication	23,845	12,617
Professional fees	26,368	109,714
Printing and stationery	1,703	908
Other expenses	61,513	52,705
	1,049,269	714,051

5 (ii) Expenses by function

Cost of sales	703,218	260,528
Selling and distribution expenses	36,285	29,677
Administrative expenses	309,766	423,846
	1,049,269	714,051

6. Net Finance Income/(Cost)

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Finance Income	25,613	17,854
Finance Costs	(260,886)	(440,641)
Net Finance Cost	(235,273)	(422,787)

7. Taxation

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Current tax		
CIT charge for the period	37,850	5,842
Capital Gain tax	-	56,653
Income tax charge	37,850	62,495

Nigeria corporation tax is calculated at 30% (2020: 30%) of the estimated assessable profit for the year.

7. (i) Current tax assets

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Unutilised withholding tax credit notes	96,908	96,908
	96,908	96,908

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

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Loss after tax for the year from discontinued operations	(28,287)	(29,316)
Loss attributable to ordinary equity shareholders (NGN'000)	(43,992)	(573,978)
Basic earnings per share (Kobo)	-	(3)
From discontinued operations	-	-
From continuing operations	-	(3)
Diluted earnings per share (Kobo)	-	(3)
From discontinued operations	-	-
From continuing operations	-	(3)

	The Group	
	30 Jun. 2022	30 Jun. 2021
	Number ('000)	Number ('000)
Basic weighted average and Diluted weighted average number of shares	18,559,970	18,559,970
Absolute number of shares	18,559,970	18,559,970

(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

	Motor vehicles	Plant and Machinery	Furniture & Fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	92,220	29,773	47,116	63,357	232,466
Addition	24,725	-	95	9,914	34,734
Write-off/Scrapped	(469)	(5,621)	(368)	-	(6,458)
Disposals	(53,964)	(11,416)	-	(1,172)	(66,551)
At 31 December 2021	62,512	12,737	46,843	72,099	194,190
At 1 January 2022	62,512	12,737	46,843	72,099	194,191
Addition	-	-	3,404	2,718	6,122
Disposals	-	-	-	-	-
At 30 June 2022	62,512	12,737	50,247	74,817	200,313
Accumulated depreciation and impairment					
At 1 January 2021	70,182	29,774	45,735	55,302	200,992
Charge for the period	11,007	-	685	3,608	15,300
Write-off/Scrapped	(469)	(5,621)	-	-	(6,090)
Disposals	(53,964)	(11,416)	-	(560)	(65,940)
At 31 December 2021	26,756	12,737	46,419	58,351	144,262
At 1 January 2022	26,756	12,737	46,419	58,351	144,262
Charge for the period	5,533	-	161	2,323	8,018
Disposals	-	-	-	-	-
At 30 June 2022	32,289	12,737	46,580	60,674	152,280
Net book values					
At 30 June 2022	30,223	-	3,667	14,143	48,033
At 31 December 2021	35,756	-	424	13,748	49,928

No Property, Plant and Equipment was pledged as security for any liability as at 30 June 2022 (2021: Nil)

10. Intangible Assets

Cost	The Group	
	Software	
	N'000	
At 1 January 2021	295,597	
Additions	13,412	
At 31 December 2021	309,009	
At 1 January 2022	309,009	
Additions	-	
At 30 June 2022	309,009	

Amortisation

At 1 January 2021	288,999
Amortisation for the period	3,622
At 31 December 2021	292,620
At 1 January 2022	292,620
Amortisation for the period	2,065
At 30 June 2022	294,685

Net book values

At 30 June 2022	14,324
At 31 December 2021	16,389

No intangible asset was pledged as security for any liability as at 30 June 2022 (2021: Nil)

11. Investment Properties

	The Group		
	Freehold Building	Leasehold Building	Total Investment Properties
Fair value	N'000	N'000	N'000
At 1 January 2021	30,144	1,756,429	1,786,573
Transfer to properties under construction - Inventory	(30,144)	(638,871)	(669,015)
Disposals	-	(1,117,558)	(1,117,558)
At 31 December 2021	-	-	-
At 1 January 2022	-	-	-
Disposals	-	-	-
At 30 June 2022	-	-	-

UPDC Plc
Notes to the Consolidated Financial Statements (continued)
For the period ended 30 June 2022

12. Investments in Joint Ventures

	The Group		30 Jun. 2022 % holding	31 Dec. 2021 % holding
	30 Jun. 2022 N'000	31 Dec. 2021 N'000		
Investment in Joint Ventures				
First Festival Mall Limited	234,217	234,217	45.0%	45.0%
First Restoration Dev. Co. Limited	318,253	318,253	51.0%	51.0%
Transit Village Dev. Co. Ltd	73,606	73,606	40.0%	40.0%
	626,076	626,076		
Impairment allowance	(495,683)	(495,683)		
	130,393	130,393		

13. Equity instrument at fair value

	The Group	
	30 Jun. 2022 N'000	31 Dec. 2021 N'000
Opening balance at 1 January	593,690	733,774
Net changes in fair value of financial assets	(133,413)	(140,084)
	460,276	593,690

14. Investments in subsidiaries

Principal investments	The Company		% Shareholding	
	30 Jun. 2022 N'000	31 Dec. 2021 N'000	30 Jun. 2022 %	31 Dec. 2021 %
<i>UPDC Hotel Ltd.</i>				
2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94%	94%
<i>Manor Gardens Dev. Company Ltd.</i>				
53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.5%	67.5%
<i>UPDC Facility Management Ltd.</i>				
5,000,000 Ordinary Shares of =N=1.00 each	108,019	108,019	50%	50%
<i>Deep Horizon Investment Ltd.</i>				
1,000,000 Ordinary Shares of =N=1.00 each	1,611,697	1,611,697	70%	70%
	3,856,026	3,856,026		
Impairment of investments	(2,136,310)	(2,136,310)		
	1,719,716	1,719,716		

Investments in subsidiaries are measured at cost. Investment in UPDC Hotel Ltd. is now classified as a discontinued operation.

15. Inventories

Cost	The Group	
	30 Jun. 2022 N'000	31 Dec. 2021 N'000
Balance 1 January	6,084,508	4,270,744
Additions	37,088	1,638,802
Reclassification from Investment Properties	-	669,015
Disposal	(613,252)	(475,270)
Impairment	-	(18,783)
Balance	5,508,343	6,084,508

All Inventory above are carried at lower of cost or net realisable value at all the periods reported.

16. Trade and other receivables

	The Group	
	30 Jun. 2022 N'000	31 Dec. 2021 N'000
Trade receivables	906,973	790,006
Less: Provision for impairment of trade receivables	(744,264)	(744,264)
Net trade receivables	162,710	45,742
Receivables from group companies (Note 22)	1,402,900	2,092,119
Other receivables	733,319	515,733
Advances to staff	8,003	5,820
	2,306,931	2,659,414
Analysis of other receivables		
Mobilization payments to contractors	289,459	26,902
Prepayments and accrued income	34,279	33,159
WHT Receivables	33,432	24,591
Other Debtors	376,149	431,080
	733,319	515,733

17. Cash and cash equivalents

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Cash at bank and in hand	803,409	1,044,171
Short term investment	1,399,282	834,181
Less: Impairment of Short term investments	(32)	(32)
Cash and cash equivalents	2,202,659	1,878,320

18. Borrowings

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Current borrowings	-	-
Non-current borrowings		
UACN Plc Loan	2,516,509	2,516,509
Custodian Investment Plc Loan	2,995,144	2,995,144
	5,511,653	5,511,653
Total borrowings	5,511,653	5,511,653

Movement in total borrowing during the year is as follows:

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Balance as at 1 January	5,511,653	5,422,500
Proceeds from borrowings	-	5,511,653
Interest accrued	260,886	763,707
Repayment of borrowings	-	(5,422,500)
Interest unpaid reclassified to payables	(88,185)	(88,185)
Interest paid	(172,701)	(675,522)
Balance	5,511,653	5,511,653

19. Trade and other payables

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Trade payables	609,215	515,898
Contract liabilities - Note 19 (i).	1,994,699	2,168,341
Amounts owed to other related parties (Note 22)	235,569	210,460
	2,839,483	2,894,699
VAT/WHT Payables	15,054	14,840
Other payables	386,178	781,905
Unclaimed dividend	252,411	252,411
Provisions/Accruals	582,841	617,829
Total	4,075,967	4,561,683

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

19 (i). Contract liabilities

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Deposit by customers	1,994,699	2,168,341
	1,994,699	2,168,341

This represents advances received from customers in respect of sale of property stocks and facility management fees. This is a non-interest bearing liability.

20. Deferred revenue

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

	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Within one year	98,610	98,610
Greater than one year	-	-
	98,610	98,610

The Group as lessor enters into operating leases for its investment properties under non-cancellable basis, as the lessee does not have the power to cancel the contract without the permission of the lessor. The tenure of the lease arrangements vary from 1 year to 2 years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases are classified as Investment Properties and fair-valued annually based on the group's accounting policy and in line with the requirements of IAS 40".

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

	The Group	
	30 Jun. 2022	30 Jun. 2021
	N'000	N'000
Loss before tax	(6,142)	(511,483)
<i>Adjustment for non cash items:</i>		
Depreciation	8,018	6,439
Amortization of intangible asset	2,065	1,324
(Profit)/ Loss on disposal of investment properties	-	(248,093)
Profit on disposal of property, plant and equipment	-	(9,711)
Finance cost	260,886	440,641
Finance income	(25,613)	(17,854)
Exchange loss	111	15,167
	239,325	(323,570)
Changes in working capital:		
Decrease in inventories	576,164	149,317
Decrease in receivables	352,483	442,478
Decrease in payables	(527,356)	(93,984)
Net cash from operations	640,617	174,241

UPDC Plc
Notes to the Consolidated Financial Statements (continued)
For the period ended 30 June 2022

22. Related party transactions

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

<i>Period-end balances arising from sales/purchases of goods/services</i>	The Group	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Receivable:		
Balance - Gross	5,154,066	5,835,135
Provision for expected credit losses	(3,751,165)	(3,743,016)
Balance	1,402,900	2,092,119

<i>Period-end balances arising from sales/purchases of goods/services</i>	Relationship	The Group	
		30 Jun. 2022	31 Dec. 2021
		N'000	N'000
Receivable:			
UPDC Metrocity Limited	Joint Venture	1,183,753	1,860,956
First Festival Mall Limited	Joint Venture	2,614,513	2,614,513
First Restoration Dev. Co. Limited	Joint Venture	-	29,054
Calabar Golf Estate Limited	Joint Venture	647,598	647,598
Pinnacle Apartment Dev. Ltd/ Imani and Sons	JV Partner	316,924	300,346
Galaxy Mall	Joint Venture	74,034	74,034
Manor Gardens	Subsidiary	317,244	308,634
Impairment of Intercompany receivables - IFRS 9		(3,751,165)	(3,743,016)
		1,402,900	2,092,119

	Relationship	The Group	
		30 Jun. 2022	31 Dec. 2021
		N'000	N'000
Payable:			
UAC of Nigeria Plc.	Associate	42,350	41,125
Custodian Investment Plc	Parent	47,922	47,922
UPDC REIT	Equity investment	58,074	46,858
MDS Logistics Ltd	Common Control	1,787	1,787
James Pinnock	Joint Operation	64,032	72,741
First Restoration Dev. Co. Limited	Joint Venture	21,398	-
UAC Foods Limited	Common Control	6	28
		235,569	210,460

All trading balances will be settled in cash.

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

23. Disposal group held for sale and discontinued operations

UPDC Hotel Ltd.

The Board of UPDC Plc. decided to sell its investment in UPDC Hotel Ltd. (UHL) in 2017. Efforts are on going to improve the performance of the Hotel. Consequently, UHL has been classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5

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 period, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. Management however, remains committed to concluding the sale within a reasonable time frame.

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

	UPDC Hotel Ltd.	
	6 months ended 30 Jun. 22	6 months ended 30 Jun. 21
	N'000	N'000
Revenue	84,463	93,972
Cost of sales	(12,897)	(13,292)
Gross profit	71,566	80,680
Other operating costs	(99,853)	(109,996)
Other operating income	-	-
Operating profit	(28,287)	(29,316)
Finance income	-	-
Loss before taxation from discontinued operations	(28,287)	(29,316)
Taxation	-	-
Loss from discontinued operations	(28,287)	(29,316)

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

	UPDC Hotel Ltd.	
	30 Jun. 2022	31 Dec. 2021
	N'000	N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,943,485	11,943,485
Intangible assets	5,130	5,130
	11,948,615	11,948,615
Current assets:		
Inventories	48,951	48,951
Trade and other receivables	103,717	90,592
Cash and short-term deposits	11,900	27,761
	164,568	167,304
Assets of disposal group classified as held for sale	12,113,183	12,115,919
Less: Impairment of assets of disposal group held for sale	(4,029,237)	(4,029,237)
Fair value of disposal group held for sale	8,083,946	8,086,682
Liabilities		
Current liabilities		
Trade and other payables	1,226,051	1,187,897
Liabilities of disposal group classified as held for sale	1,226,051	1,187,897

UPDC Hotel owes UPDC Plc N14 billion, this has been fully impaired in UPDC's books.

25. Additional Disclosures

Covid-19 Pandemic

Impact Review:

The pandemic has had wide reaching implications on business activities globally. We have however put appropriate strategies in place to manage the impact on our people, operations, customers and finances.

- **People:** We adopted a “People First” approach, ensuring the safety of our staff and customers. Flexible working was adopted to minimize the risk of exposure to the virus, and we were able to establish minimum disruption to business operations while working from home.
- **Operations:** Our businesses were stress tested at varying levels. We have continued to focus on cost optimization, negotiating discounts on every expenditure and agreeing appropriate payment plans with contractors.
- **Strategy:** We have reviewed and analyzed internal data and conducted market research, and based on these, we have reviewed our products and service offerings to align with the market. We will focus our energies on products and service offerings which offer stable and consistent demand
- **Technology:** We embraced digital transformation to ensure continued paperless access to our files, seamless communication with our employees and customers through virtual meeting platforms; and continued access to our products and services via the available digital channels.

Balance sheet analysis:

- **Property, Plant and Equipment:** The Company’s Property Plant and Equipment consists mainly Motor Vehicles, Furniture & Fittings and Computer Equipment. We do not envisage any negative impact on this class of asset.
- **Intangible Assets:** This class of asset includes software, which will not be negatively impacted by the effects of the pandemic.
- **Investment in Joint Ventures:** There was a slowdown in sales of Joint Venture assets and recovery of receivables. We have planned for this in our budget for the year.
- **Inventories:** There was a slowdown in sales of property stock. Our new developments will focus on Middle Income housing, which will help drive revenue for the year.
- **Trade and Other Receivables:** We have performed a quarterly analysis and review of the portfolio and the impact on the Company. We will also continue to embark on recovery drives. Any required adjustment will be reflected in the appropriate reporting period.
- **Asset of disposal group classified as held for sale is UPDC Hotel Limited.** The hospitality sector has been negatively impacted by the pandemic and resultant social distancing requirements. We will continue to focus on cost management measures at the hotel and the re-operationalization now that the lockdown has been lifted, while we pursue the sale of the business.
- **Non-current liabilities:** The Company has put measures in place to ensure that the interest obligations on UACN and Custodian Investment Plc loans are met as and when due. The principal repayment is not yet due until 2026.
- **Current liabilities:** We do not envisage any adverse impact on current liabilities.

Shareholding Structure/Free Float Status

UPDC Free Float Computation				
Company Name:	UPDC PLC			
Board Listed:	MAIN BOARD			
Year End:	December			
Reporting Period:	30 Jun. 2022			
Share Price at end of reporting period:	₦1.07			
Shareholding Structure/Free Float Status				
Description	30 Jun. 2022			
	Units	Percentage		
Issued Share Capital	18,559,969,936	100%		
Substantial Shareholdings (5% and above)				
Custodian Investment Plc	9,486,390,663	51.11%		
UAC of Nigeria Plc	7,953,143,897	42.85%		
Total Substantial Shareholdings	17,439,534,560	93.96%		
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mr. Folasope Aiyesimoju	-	-		
Mr. Odunayo Ojo	-	-		
Mr. Wole Oshin	-	-		
Mr. Adeniyi Falade	-	-		
Mr. Oyekunle Osilaja	-	-		
Total Directors' Shareholdings	-	-		
Other Influential Shareholdings				
First PCN/Crusader Pensions - PFA Main	216,154,500	1.16%		
Total Other Influential Shareholdings	216,154,500	1.16%		
Free Float in Units and Percentage	904,280,876	4.88%		
Free Float in Value	₦693,815,153.25			

Declaration:

UPDC Plc, with a free float percentage of 4.88% as at 30 June 2022, does not meet the free float requirements of the Nigerian Exchange Group for companies listed on the Main Board.

The Company is working on a plan to resolve this. This plan will be communicated appropriately as soon as it is implemented.