UNION DICON SALT PLC

FINANCIAL STATEMENTS

30 SEPTEMBER 2017

UNION DICON SALT PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017		3RD QTR 2017	3RD QTR 2016	YEAR TO DATE	YEAR TO DATE
	Notes			**2017 N'000**	**2016 N'000**
Revenue	7	-	-	-	-
Cost of sales	8	-	-	-	-
Gross loss		**-**	**-**	**-**	**-**
Other operating income	9	9,488	408,721	28,328	421,244
Administrative expenses	10	(62,489)	(23,003)	(116,947)	(66,433)
Profit / (Loss) from operations		**(53,001)**	**385,718**	**(88,619)**	**354,811**
Current tax expense	13(i)	-	-	-	-
Loss for the year		**(53,001)**	**385,718**	**(88,619)**	**354,811**
Other comprehensive income:					
Items that will be reclassified to profit or loss				-	-
Items that may not be reclassified to profit or loss				-	-
Total comprehensive loss		**(53,001)**	**385,718**	**(88,619)**	**354,811**

The accompanying notes on pages 7 to 23 and other national disclosures on pages 24 and 25 form an integral part of these financial statements.

UNION DICON SALT PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30THSEPTEMBER 2017		YEAR TO DATE	YEAR TO DATE
	Notes	**2017 N'000**	**2016 N'000**
Revenue	7	-	-
Cost of sales	8	-	-
Gross loss		**-**	**-**
Other operating income	9	28,328	471,116
Administrative expenses	10	(116,947)	(72,154)
Loss before tax		**(88,619)**	**398,962**
Current tax expense	13(i)	-	(10,929)
Loss for the year		**(88,619)**	**388,033**
Other comprehensive income:			
Items that will be reclassified to profit or loss		-	-
Items that may not be reclassified to profit or loss		-	-
Total comprehensive loss		**(88,619)**	**388,033**

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UNION DICON SALT PLC
STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2017

Assets	Notes	SEP 2017 N'000	DEC 2016 N'000
Non-current			
Property, plant and equipment	14	5,543,669	84,349
Investment in subsidiary	15	-	-
		5,543,669	84,349
Current			
Inventories	16	-	-
Trade and other receivables	17	19,613	22,214
Cash and cash equivalents	22	3	13,308
		19,616	35,522
Current liabilities			
Trade and other payables	18	798,019	697,347
Current tax liabilities	13(iii)	61,568	61,568
		859,587	758,915
Net current liabilities		(839,971)	(723,393)
Total assets less current liabilities		4,703,698	(639,044)
Non-current liabilities			
Employee benefit liabilities	19	95,031	95,881
Deferred tax liabilities	13(v)	39,591	39,591
		134,622	135,472
Net Assets		**4,569,076**	**(774,516)**
Equity			
Share capital	20(a)	136,673	136,673
Share premium	20(b)	250,638	250,638
Revaluation Reserves	22	5,432,211	-
Revenue reserve	21	(1,250,446)	(1,161,827)
Total equity		**4,569,076**	**(774,516)**

Signed on the 30th of October by:

Chukwuka Mordi		**Managing Director**	**FRC/2014/CIBN/0000 0005906**
Irabor Osazuwa Godswill		**Financial Controller**	**FRC/2014/ICAN/000000 8174**

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UNION DICON SALT PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH SEPTEMBER 2017

	Share Capital N'000	Revaluation Reserves	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2017	136,673		250,638	(1,161,827)	(774,516)
Comprehensive income for the year:					
Profit / (Loss) for the year	-		-	(88,619)	(88,619)
Revaluation Surplus		5,432,211			5,432,211
Other comprehensive income	-		-	-	-
Total comprehensive loss for the year	-		-	(88,619)	5,343,592
Transactions with owners recorded directly in equity	-		-	-	-
Addition to share capital			-	-	-
Disposal of share premium	-			-	-
Balance at 30 September 2017	**136,673**		**250,638**	**(1,250,446)**	**4,569,076**

	N'000		N'000	N'000	N'000
Balance at 1 January 2016	136,673		250,638	(1,549,860)	(1,162,549)
Comprehensive income for the year					
Profit/(Loss) for the year	-		-	388,033	388,033
Other comprehensive income	-		-	-	-
Total comprehensive profit (loss) for the year	-		-	388,033	388,033
Transactions with owners, recorded directly in equity	-		-	-	-
Addition to Share Capital	-				-
Disposal of Share Premium			-		-
Balance at 30 September 2016	**136,673**		**250,638**	**(1,161,827)**	**(774,516)**

The accompanying notes on pages 7 to 23 and other national disclosures on pages 24 and 25 form an integral part of these financial statements.

UNION DICON SALT PLC

STATEMENT OF CASHFLOWS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2017

	Notes	2017 N'000	2016 N'000
Cash flows from operating activities			
Loss for the year		(88,619)	398,962
Adjustments for non cash items:			
Depreciation of property, plant and equipment	14	22,891	3,888
Income tax expense	13(i)	-	-
		(65,728)	402,850
Changes in working capital			
Decrease/(increase) in trade and other receivables		2,601	(16,601)
Decrease in employee benefit liabilities		(850)	(100,000)
(Decrease)/increase in trade and other payables		50,672	(247,568)
Cash (used in)/generated from operations		(13,305)	38,681
Income taxes paid	13(iii)	-	-
Net cash (outflows)/generated from operating activities		(13,305)	38,681
Cash flows from investing activities			
Purchase of property, plant and equipment	14	-	(25,510)
Net cash flow used in investing activities		-	(25,510)
Cash flows from financing activities			
Increase in authorised share capital expenses		-	-
Reduction in share premium		-	-
Net cash inflow from financing activities		-	-
Net decrease in cash and cash equivalents		(13,305)	13,171
Cash and cash equivalents at the beginning of the year		13,308	137
Cash and cash equivalents at the end of the year	22	3	13,308

The accompanying notes on pages 7 to 23 and other national disclosures on pages 24 and 25 form an integral part of these financial statements.

1) **Corporate information and principal activities**

Dicon Salt Limited and Union Salt Limited which were incorporated as private limited liability companies on 11 October 1984 and 30 May 1991 respectively. The Companies were merged and simultaneously converted into a public limited liability company on 7 May 1993 to become Union Dicon Salt Plc. The Company became listed on the official listing of the Nigerian Stock Exchange on 23 September, 1993.

The principal activity of the company is the processing of crude salt. The company is also involved in the sales of packaged water in sachets and plastic bottles. The issued share capital of the Company is held thus: 23% by Aims Limited, 16% by Defence Industries Corporation, 15% by CBO Capital Partners; 12% by Danjuma T.Y, 7% by Taraba Fisheries Ltd, 7% by T.Y. Holdings Ltd, 1% by Danjuma Grace Elizabeth, 4% by UDS Plc(Staff Trust Fund) and 15% by others.

Its registered office is at Phase 2, NPA Kirikiri Lighter Terminal Apapa lagos.

2) **Basis of preparation**

a **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004 and Financial Reporting Council of Nigeria Act No 6, 2011.
The financial statements were authorised for issue by the Board of Directors on 27 May 2016.

b **Basis of measurement**

The financial statements have been prepared under the historical cost concept except for certain financial instruments which were measured at fair value as mentioned in the accounting policies below.

c **Functional and presentation currency**

The Company's functional and presentation currency is the Nigerian naira. The financial statements are presented in Nigerian Naira and have been rounded up to the nearest thousand except where otherwise stated.

d **Use of estimates and judgement**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3) **Accounting Standards Issued Not yet Effective**

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial period beginning 1 January 2016. They have not been adopted in preparing the financial statements for the year ended 31 December 2016 and are expected not to affect the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued Jul 2014)	Financial Instruments	**Classification and measurement** Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). **Impairment** The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. **Hedging** The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The first time application of IFRS 9 will have a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 14 Issued in January 2014	Regulatory Deferral Accounts	IFRS 14 applies to entities that conduct 'rate-regulated activities' i.e. activities that are subject to rate regulation. The rate regulation is a framework that establishes prices for goods and/or services that are subject to the oversight/approval of a 'rate regulator'. The Standard permits an entity in the rate regulated industry to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.	1 January 2016	The provision of the standard will not have any impact on the Company's financial statements when it becomes effective in 2016 as the Company is not operating in a rate regulated industry.
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii)Identify the performance obligations in the contract (iii)Determine the transaction price (iv)Allocate the transaction price to the performance obligations in the contract (v)Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	The Board is currently reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted. Consideration will be given to the following: (i)At what point in time the Company recognises revenue from each contract whether at a single point in time or over a period of time; (ii) whether the contract needs to be 'unbundled' into two or more components; (iii)how should contracts which include variable amounts of consideration be dealt with; (iv)what adjustments are required for the effects of the time value of money; (v) what changes will be required to the Company's internal controls and processes.

4) **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstatnces. In the future, actual experience may differ from these estimates and assumptions. The estimate and assupmtion that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities whithin the next financial year is legal proceedings and it is discussed below:

i) ***Legal proceedings***

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

ii) **Income and deferred taxation**

The Company incurs corporate tax liability and recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules to recognise changes in applicable rules and in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

iii) **Impairment of property, plant and equipment and intangible assets**

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

iv) **Estimates of useful lives and residual value**

The estimates of useful lives and residual values of property, plant and equipment impact the annual depreciation charge. The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

5) **Summary of significant accounting policies**

The Company's accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) **Foreign currency transactions**

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions and any exchange differences arising are included in the income statement of the reporting

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.
All foreign exchange gains and losses recognised in the income statement are presented net in the Income statement within other operating income and operating expenses respectively. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

b) **Revenue**
Revenue represents total value of goods and services less discount, rebates, returns and value added tax thereon. Revenue from sale of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive previously agreed value upon payment. Where a buyer has a right of return, the company defers the recognition of revenue until the right to return lapses. In situations where the company retains only insignificant risks of ownership due to the right of return, revenue is not deferred but the company recognises the provision based on previous experience and other factors.

c) **Finance income and finance expense**
Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount in the income statement.

Dividend income from investments is recognised in the income statement when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company) and the amount of income can be measured reliably.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement.

d) **Property, plant and equipment**
i) Recognition and measurement
Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Items of property, plant and equipment under construction are disclosed as capital work in progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

ii) Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the 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 part is then derecognised. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognised in the income statement during the period in which they are incurred.

iii) **Depreciation**

Depreciation is calculated on items of property, plant and equipment to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on items of property, plant and equipment until they are brought into use.

The principal annual rates used for this purpose, which are consistent with those for the previous years, are as follows:

Type of asset	**%**
Building	2
Plant and machinery	10
Motor vehicles	25
Furniture and fittings	20

The assets depreciable methods, useful lives and residual values are reviewed annually and adjusted if necessary. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss component of the statement of comprehensive income within 'Other income or operating expenses' in the year that the asset is derecognised.

e) **Impairment of non-financial assets**

Non-financial assets other than inventories are reviewed at each reporting date for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

f) **Inventories**

Inventories include salt, engineering items, bags and other consumables. Inventories are valued at the lower of cost and net realizable value. Cost includes the cost of the products, the landing cost and the expenses/charges associated with the conveyance of the inventory to the warehouse. Costs of the products are determined using the average cost methods. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Adequate provision is made for slow moving, obsolete and defective inventories to ensure that the value at which inventories is held at the reporting date is reflective of anticipated future sales patterns.

g) **Financial instruments**

i) Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company's financial assets comprise of loans and receivables.

At each reporting date, the Company assesses whether its financial assets have been impaired. Impairment losses are recognised in the income statement where there is objective evidence of impairment.

ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment losses. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

iii) Trade and other receivables

Trade receivables are amounts due from customers from the sales of goods or services rendered in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Discounting is ignored if insignificant. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that debtor will enter bankruptcy and default or delinquency in payment, are the indicators that a trade and other receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within administrative cost.

The amount of the impairment provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated cash flows, discounted at the original effective interest rate. Changes to this provision are recognised under administrative costs. When a trade receivable is uncollectable, it is written off against the provision for trade receivables.

iv) Prepayments

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit and loss and other comprehensive income.

v) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank balances, investments in money market instruments with maturity dates of less than three months and are risk free net of bank overdraft.

vi) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

vii) Financial liabilities and equity instruments

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company's financial liabilities includes trade and other payables.

Financial liabilities are presented as if the liability is due to be settled within twelve months after the reporting date. Other financial liabilities which contractually will be settled more than twelve months after the reporting date are classified as non-current.

viii) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

viii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income statement.

h) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

i) **Impairment of financial instruments**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the company may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

j) **Taxation**

i) Current income tax

The income tax expense for the period comprises current and deferred tax expense. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

. Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date

. Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended)

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

. 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.

. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

k) **Employee benefits**

(i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The company recognises wages, salaries, bonuses and other allowances for current employees in the statement of profit and loss and other comprehensive income as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits, if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Defined contribution plans**

The Company operates a defined contribution plan as stipulated in the Pension Reform Act, 2004. Under the defined contributory scheme, the Company contributes 7.5%, while its employees contribute 7.5% of their annual basic, housing and transport allowances to the scheme. Once the contributions have been paid, the Company retains no legal and constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognised in the statements of comprehensive income as administrative expenses (employee benefits) when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(iii) **Defined benefits plan**

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability in respect of a defined benefit pension plan is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for un-recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rate of government bond. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumption are charged or credited to equity on other comprehensive income in the period which they arise.

l) **Provisions**

A provision is recognized 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 an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.
Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as a finance cost.

m) **Share capital, reserves and dividends**

i) Share capital

Share capital represents the nominal value of shares that have been issued.

ii) Reserves

Reserves include all current and prior periods' retained earnings.

iii) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

n) **Related party transactions**

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.
Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

6) **Financial instruments - risk management**

The Company is exposed through its operations to the following financial risks:
- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

ii) **Financial instruments by category**

Financial assets	Loans and receivables 2017 N'000	Loans and receivables 2016 N'000
Cash and cash equivalents	3	13,308
Trade and other receivables	19,613	22,214
Total financial assets	19,616	35,522

Total liabilities	Financial liabilities at amortised cost 2017 N'000	Financial liabilities at amortised cost 2016 N'000
Trade and other payables	798,019	697,347

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance department. The Board receives monthly reports from the Company's Accountant through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Financial Consultant also reviews the risk management policies and processes and reports their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from rental income. The Company is not expose to credit risk from sales of products as it is currently not trading.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.
The Company is currently experiencing difficulty in meeting its financial obligations as they fall due.
However, efforts is being made by the Board to ensure that the Company can start the production and sales of salt in order to generate income for its working capital requirements.

Capital management

The company’s objectives when managing capital are to safeguard the company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company is currently experiencing difficulty in maintaining a positive working capital position as it made a profit before taxation of N398,963,000 during the year ended 31 March 2017, and its current liabilities exceeded its current assets by N808,167,000,000 and had a negative shareholders’ funds of N763,240,000,000. In order to make good the negative shareholders' funds, the Company is considering the following:

(i) To seek support from the banks to provide adequate working capital facilities.

(ii) To request the shareholders to introduce additional capital not only to wipe out the negative shareholder's funds but to provide adequate working capital required to enable the Company return to profitable operations.

7) **Revenue**

Revenue arises from:	SEP '2017 N'000	SEP '2016	DEC '2016 N'000
Gross sales of salt less rebate	-	-	-

8) **Cost of sales**

	N'000	N'000	N'000
Staff costs	-		-
Rent	-		-
Maintenance	-		-
Others	-		-
	-	-	-

9) **Other operating income**

	N'000	N'000	N'000
This comprises:			
Rental income	27,708	16,098	18,333
Provision written back	-	401596	427,930
Investment income	-	2700	2,880
Other income	620	850	21,973
	28,328	421,244	471,116

10) **Administrative expenses**

	N'000	N'000	N'000
Staff costs	33,007	40,247	42,208
Repairs and maintenance	590	373	522
Travelling	791	209	660
Office expenses	2,076	303	1,426
Audit fee	1,725	1,725	2,300
Professional fee	4,845	1,250	2,570
Telephone	81	95	52
Electricity	459	610	155
Security and Exchange Commission - expenses	-	-	2,305
Stationery	78	45	58
Depreciation of property,plant and equipment	22,891	1,923	3,888
Provison for other debit balances	-	-	-
Advert & Public relations	1,110	500	-
Rent	35,925	18,000	15,000
Bank Charges	69	-	31
Judgement debt	13,300		-
Others	-	1,153	979
	116,947	66,433	72,154

	2017	2016
11) **Loss for the period is arrived at after charging:**	**N'000**	**N'000**
Depreciation on property, plant and equipment	22,891	3,888
Audit fees	1,150	2,300
Directors' emoluments	-	-

12) **Employee benefit expenses**

a) Employee benefit expenses comprise:	**N'000**	**N'000**
Wages and salaries	33,007	42,208
Defined contribution pension costs	1,782	4,197
Defined benefits scheme cost	-	-
	34,789	46,405

13) **Taxation**

Current Income tax

Taxation for the period in the statement of comprehensive income represents deferred tax, education tax and company income tax.

	2017	2016
i) **Profit and loss account**	**N'000**	**N'000**
Company income tax	-	2,872
Education tax	-	8,057
Minimum tax	-	-
	-	10,929
Deferred tax	-	-
	-	10,929

Income tax recognised in profit or loss

The charge for taxation in these financial statements is computed on the basis of minimum tax in accordance with the provisions of the Companies Income Tax Act, CAP C21 LFN, 2004 as amended

The Company is not liable to education tax because it has no assessable profit in accordance with the provisions of Education Tax Act, CAP E4 LFN, 2004 as amended which is 2% of the assessable profit for the year.

ii) The income tax expense for the year can be reconciled to the accounting profit as per the statement of comprehensive income as follows:

	N'000	N'000
Profit / (Loss) before tax	(88,619)	398,962
Tax at the statutory corporation tax rate of 30%	-	119,689.00
Effect of income that is exempt from taxation	-	1,166.00
Effect of expenses that are not deductable in determining taxable prof	-	- 112,238.00
Education tax at 2% of assessable profit	-	-
Balancing charge/(allowance)	-	8,057
Capital allowances absorbed	-	- 5,745
Minimum tax	-	-
Deferred tax provisions	-	-
Tax expense recognised in profit or loss	-	10,929
Effective rate	-%	3%

There is no reconciliation of income tax expense disclosed in these financial statements as the company is not liable to income tax on the results for the year because it has no taxable profit in accordance wth the provisions of the Companies Income Tax Act, C21 LFN, 2004 as amended.

	2017	2016
iii) **Statement of financial position**	**N'000**	**N'000**
Balance at the beginning of the year		
Company income tax	2,872	
Education tax	8,057	
Minimum tax	50,639	50,639
Payments during the year:		
Company income tax	-	
Education tax	-	
Minimum tax	-	-
Provision for the year:		
Company income tax		2,872
Education tax		8,057
Minimum tax	-	-
Balance at the end of the year	61,568	61,568

iv) **Current tax assets and liabilities**

Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

	Property, plant and equipment N'000	Recognised in other comprehensive income N'000	Allowance on inventory N'000	Total N'000
At 1 January 2016	39,591	-	-	39,591
Charged to profit or loss	-	-	-	-
Charged to other comprehensive income	-	-	-	-
Reclassification from equity to profit or loss	-	-	-	-
At 31 December 2016	39,591	-	-	39,591
Charged to profit or loss	-	-	-	-
Charged to other comprehensive income	-	-	-	-
Reclassification from equity to profit or loss	-	-	-	-
At 30 September 2017	39,591	-	-	39,591

v) **Deferred tax liabilities**

	2017 N'000	2016 N'000
Balance at the beginning of the year	39,591	39,591
Charge for the year	-	-
Balance at the end of the year	39,591	39,591

14) **Property, plant and equipment**

Cost	Leasehold land & buildings	Plant & machinery N'000	Fittings and Equipment N'000	Computer equipment N'000	Total N'000
At 1 January 2016	69,868	1,131,666	167,027	12,372	1,380,933
Additions	25,510	-	-	-	25,510
At 31 December 2016	95,378	1,131,666	167,027	12,372	1,406,443
At 1 January 2017	95,378	1,131,666	167,027	12,372	1,406,443
Additions	5,482,211	-	-		5,482,211
At 30 September 2017	5,577,589	1,131,666	167,027	12,372	6,888,654
Accumulated depreciation and impairment					
At 1 January 2016	15,029	1,131,666	167,027	4,484	1,318,206
Depreciation charge for the year	2,573	-	-	1,315	3,888
Impairment	-	-	-	-	-
At 31 December 2016	17,602	1,131,666	167,027	5,799	1,322,094
At 1 January 2017	17,602	1,131,666	167,027	5,799	1,322,094
Depreciation charge for the year	22,234			658	22,891
Impairment	-				
At 30 September 2017	39,836	1,131,666	167,027	6,457	1,344,985
Carrying amounts					
At 30 September 2017	**5,537,753**	**-**	**-**	**5,916**	**5,543,669**
At 31 December 2016	**77,776**	**-**	**-**	**6,573**	**84,349**

15) **Investment in subsidiary**

	2017 N'000	2016 N'000
Witt & Busch Limited	53,981	53,981
Impairment on Investment	(53,981)	(53,981)
	-	-

In 1998, the Company acquired 100% shares of Witt & Busch Limited. The cost of the investment was impaired in 2010 because there was no record of financial performance of the company to evaluate its profitability and viability.

16) **Inventory**

	N'000	N'000
Engineering items	-	-
Bags and other consumables	-	-
	-	-
Provision for inventories	-	-
	-	-

17) **Trade and other receivables**

	N'000	N'000
Trade receivables	-	-
Impairment of doubtful receivables	-	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	-	-
Amount due from related companies (17(a))	2,863	2,863
Staff receivables	-	-
Other receivables	16,750	19,351
Provision for other receivable	-	-
Total trade and other receivables	19,613	22,214

(a) **Due from related companies**

	N'000	N'000
Marinvest Nigeria Cold Store	2,863	2,863

(b) The company has no receivables that are used as collateral for security.

(c) The company does not have financial assets that are past due but not impaired.

18) **Trade and other payables**

	N'000	N'000
Trade payables	150,797	150,797
Other payables (18(a))	119,408	60,718
Accruals	149,848	107,982
Total financial liabilities excluding loans and borrowings, classified as financial liabilities measured at amortised cost	420,053	319,497
Due to related companies (18(b))	-	-
Directors current account	341,459	341,459
Withholding tax payables	-	-
Staff pension (18(c))	36,507	36,391
Total trade and other payables	798,019	697,347

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value

	2017	2016
Other payables	N'000	N'000
(a) PAYE	28,334	26,774
NSITF	-	-
Union Dues	660	220
Share proceeds creditors	-	-
Deferred income	5,425	10,005
Other creditors balance	-	-
Tita Tukuru	-	-
Dicon	-	-
CBO Capital account	17,434	21,915
Other payables	67,555	1,804
	119,408	60,718

(b) **Due to related Companies**	N'000	N'000
Witt and Busch Limited	-	-
Marinvest Nigeria Limited	-	-
	-	-

(c) **Staff pension**	N'000	N'000
Balance at the beginning of the year	36,391	32,194
Addition during the year	1,782	4,197
Payment during the year	(1,666)	-
	36,507	36,391

19) **Employee benefits liabilities**

	N'000	N'000
Balance at the beginning of the year	95,881	195,881
Waiver during the year	-	(100,000)
Payment during the year	(850)	-
Contribution for the year	-	-
	95,031	95,881

The Company operates a gratuity scheme in line with the provisions of the agreements entered into with Nigeria Labour Congress (NLC)

20) **Share capital**

(a) **Authorised shares**

	2017 Number '000	2017 Value N'000	2016 Number '000	2016 Value N'000
Ordinary shares of N0.50 each	600,000	300,000	600,000	300,000

Issued and fully paid

	Number '000	Value N'000	Number '000	Value N'000
Balance at the beginning of the year	273,346	136,673	273,346	136,673
Addition during the year	-	-	-	-
Balance at the end of the year	273,346	136,673	273,346	136,673

	2017	2016
(b) **Share premium**	N'000	N'000
Balance at the beginning	250,638	250,638
Share issue expenses	-	-
Balance at the end of the year	250,638	250,638.00

21) **Revenue reserve**

	N'000	N'000
Balance at the beginning of the year	(1,161,827)	(1,549,860)
Profit or (Loss) for the year	(88,619)	388,033
	(1,250,446)	(1,161,827)

22 **Revaluation reserve**

	N'000	N'000
Balance at the beginning of the year	-	-
Profit or (Loss) for the year	5,432,211	-
	5,432,211	-

22) **Cash and cash equivalents**

	2017	2016
Cash and cash equivalents comprise:	N'000	N'000
Cash at bank available on demand	3	13,308

23) **Related party transactions**

Related parties include the Board of Directors, the Executive Board, the Managing Director, close family members and companies which are contolled by these individuals.

The amount of outstanding balances at the year end are as disclosed in Notes 17(a) and 18(b) to the financial statements.

Transactions with key management personnel
Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the company.

Key management includes directors (executive and non-executive) and members of the Executive Committee. No emolument was paid to the members of the key management personnel during the year.

24) **Going concern**

The company is currently experiencing difficulty in maintaining a positive working capital position as it made a profit before taxation of N81,716,000 during the period ended 30 September 2017, its current liabilities exceeded its current assets by N774,470,000. In order to make good the negative shareholders' funds, the Company is considering the following:

(i) To seek support from the banks to provide adequate working capital facilities.

(ii) To request the shareholders to introduce additional capital to provide adequate working capital required to enable the Company return to profitable operations.

25) **Contingent liabilities**

In the normal course of the business, there were a number of legal suits outstanding against the Company. On the advice of the counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in the financial statements.

26) **Capital commitment**
There were no commitments to capital expenditure as at 30 September 2017 (2016: Nil).

27) **Events after the reporting date**

No event or transactions have occurred since 30 September 2017 which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operations at 30 September 2017.

UNION DICON SALT PLC
VALUE ADDED STATEMENT
OTHER NATIONAL DISCLOSURE -
FINANCIAL STATEMENTS, 30 SEPTEMBER 2017

	2017 N'000	%	2016 N'000	%
Revenue	-		-	
Non-trading items				
Finance income	-		-	
Other income	28,328		471,116	
	28,328		471,116	
Less: Bought-in-materials and services:				
- Local	(61,049)		(26,058)	
Value added	(32,721)	100	445,058	(100)
% Value added	33%		(51)%	
Distributed as follows:				
Employees:				
Salaries and benefits	33,007	(101)	42,208	9
Government:				
Taxes	-	-	10,929	2
Retained in the business				
- Asset replacement (depreciation)	22,891	(70)	3,888	1
- To augument reserves	(88,619)	271	388,033	87
	(32,721)	100	445,058	100

UNION DICON SALT PLC
FINANCIAL STATEMENTS, 30 SEPTEMBER 2017
OTHER NATIONAL DISCLOSURE -
FIVE YEAR FINANCIAL SUMMARY

	30 September 2017 N'000	31 December 2,016 N'000	31 December 2,015 N'000	31 December 2014 N'000	31 December 2013 N'000	31 December 2012 N'000
Revenue	-	-	-	-	-	-
(Loss)/profit before taxation	(88,619)	398,962	(2,285)	(87,326)	12,104	(20,125)
Taxation	-	-	(347)	(290)	(290)	(290,000)
(Loss)/profit after taxation	(88,619)	398,962	(2,632)	(87,616)	11,814	(310,125)
Share capital	136,673	136,673	136,673	116,173	116,173	116,173
Share premium	250,638	250,638	250,638	261,319	261,319	261,319
Revaluation Reserves	5,432,211					
Retained earnings	(1,250,446)	(1,150,898)	(1,549,860)	(1,547,228)	(1,459,612)	(1,471,426)
Shareholders' funds	4,569,076	(763,587)	(1,162,549)	(1,169,736)	(1,082,120)	(1,093,934)
Employment of capital:						
Property, plant and equipment	5,543,669	84,349	62,727	65,291	62,094	63,255
Current assets	19,616	35,522	5,750	28,654	24,333	25,683
Total liabilities	(994,209)	(883,458)	(1,231,026)	(1,263,681)	(1,168,547)	(1,182,872)
Total net liabilities	4,569,076	(763,587)	(1,162,549)	(1,169,736)	(1,082,120)	(1,093,934)