arbico®
Since 1958

# 2014 ANNUAL REPORT & FINANCIAL STATEMENTS

# ANNUAL REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014


**Our Mission**

To consistently exceed our clients expectations by delivering the highest quality construction service in an ethical manner and by so doing gain the trust of all stakeholders.

**Our Vision**

To be the Preferred Construction and Civil Engineering Company in Nigeria.

# contents

## RESULT AT A GLANCE

| | N'000 |
|---|---|
| **Revenue** | **3,717,604** |
| **Operating (loss/profit)** | **(252,803)** |
| **(Loss)/profit before tax** | **(252,299)** |
| **(Loss)/profit for the year** | **(259,645)** |
| **Total Comprehensive Income for the year, net of tax** | **(259,645)** |

# NOTICE OF **ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ARBICO Plc will be held on 27 October 2015 at Plot D, Block 7, Industrial Crescent, Ilupeju, Lagos at 11.00am to transact the following businesses:

**AGENDA:**

**ORDINARY BUSINESS:** To consider, and if thought fit, to pass the following resolutions:

1. **Ordinary Resolution No. 1: Presentation of Audited Financial Statements:** to receive the Financial Statement for the year ended 31 December 2014 and the reports of the Directors, Audit Committee and Auditors thereon;

2. **Ordinary Resolution No. 2: Retirement and Re-Election/Appointment of Directors:** To retire one-third of the directors of the Company and re-appoint or appoint new directors in place of those retiring from office on rotation or those duly nominated by member(s) of the Company in accordance with the provisions of the Company's and Allied Matters Act (CAMA);

3. **Ordinary Resolution No. 3: Appointment of Auditors.**

**Special Business:** To consider and if thought fit to pass the following resolutions:

4. **Ordinary Resolution: Appointment of Members of the Audit Committee.** To elect members of the Audit Committee of the Company.

**NOTE:**

***PROXY:*** A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his place. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed, stamped and deposited to the registered office of the Company Secretary at The Adunola, Plot L2, 401 Close Banana Island, Ikoyi, Lagos, not less than 48 hours before the time fixed for holding the meeting.

***AUDIT COMMITTEE:*** As stipulated by section 359(5) of the Company's and Allied Matters Act CAP C20, LFN 2004, any member may nominate a shareholder or him/herself for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the date of the Annual General Meeting.

**By Order of the Board**

Dated this 10th Day of September, 2015

**OLANIWUN AJAYI LP**

# CORPORATE INFORMATION

## DIRECTORS

| | | |
|---|---|---|
| **Chief Kesington Adebutu** | Nigerian | Chairman |
| **Mr. Alkimos Makaronidis** | Greek | Managing Director |
| **Elder N.C.U. Okoro** | Nigerian | Director |
| **Otunba Ositade Aranmolate** | Nigerian | Director |
| **Mr. Adebisi Adebutu** | Nigerian | Director |
| **Mr. Afolabi Aiyeola** | Nigerian | Director |
| **Mr. Eyo Asuquo** | Nigerian | Director |

**REGISTERED OFFICE**
Plot D, Block 7,
Industrial Crescent
Ilupeju,
Lagos

**AUDITORS**
Ernst & Young
10th Floor, UBA House
57, marina Lagos Nigeria
P.O. Box 2442 Marina Lagos

**REGISTRARS**
Cardinal Stone Registrars Limited
358 Herbert Macaulay Way Yaba,
P. O. Box 9117, Lagos.

**COMPANY SECRETARY**
Olaniwun Ajayi LP
The Adunola
Plot L2, 401 Close
Banana Island
Ikoyi,
Lagos

# CHAIRMAN'S STATEMENT

Distinguished Shareholders, Valued Customers, Board of Directors, Ladies and Gentlemen I sincerely welcome you all to the 2014 Annual General Meeting of your Company and have the pleasure of presenting to you the company's Annual Report and Financial Statements for the year ended December 31, 2014.

Before unveiling the details of your company's performance in 2014, permit me to present an overview of the operating environment during the period under review. The objective is to enable us fully appreciate the opportunities and challenges that your company faced during the period.

**OPERATING ENVIRONMENT**

In 2014, the industry faced critical challenges as the year fell within the political campaign period in the nation, during which a lot of developmental projects in the economy suffered major set-backs.

It was a year full of uncertainties as there were anxieties all over the country resulting from different factors such as increase in political tension, insurgency, insecurity, and many other factors raising serious concerns in the minds of various stakeholders in the country.

As a result of this, many organisations including both private and government were sceptical and reluctant to award contracts for projects due to the uncertain conditions of the economy and the political environment. The Ebola risk in August was handled speedily by the government and the risk was averted; with Nigeria being declared Ebola free in October, 2014; despite this, the scare caused a temporary slowdown of investments.

The oil price dropped from the $100 price level at the beginning of 2014 to $52 by the end of the 4th quarter of the year. This development had a further significant impact on the Nigerian trade and financial balances and triggered off devaluation of the Naira. By the end of November, the Central Bank of Nigeria (CBN) devalued the naira by 8 per cent to N168 to a US dollar from N155.

As at late November 2014, Nigeria's foreign reserves were also reported to have fallen to a five-year low of $37.1 billion, and the decline continued thereafter. The CBN set out to defend the national currency against the backdrop of future oil prices. CBN raised interest rates to 13 per cent in a view to curtail losses to its foreign reserves.

The challenges persisted till the second quarter of 2015. However, we are optimistic that the country would experience positive economic improvement in the last quarter of 2015.

**RESULT FOR THE YEAR**

Financially, this is a very difficult time for our business, despite all the challenges

**N3.717 billion**
**TOTAL TURNOVER IN 2014**

**N252.3 million**
**LOSS BEFORE TAX IN2014**

encountered during the year, our company achieved a total turnover of N3.717 billion in 2014 from N3.351 billion in 2013, representing an increase of 10.95% or N366 million.

As may have been expected, due to the adverse economic situation and to a great extent, the effect of continuous capacity building, your company's management efforts resulted in increasing the cost of sales, which brought down the profit before tax from N297.6 million in 2013 to a loss of N252.3 million in 2014.

**DIVIDENDS**

Our long-term aim is to provide on a regular basis, our shareholders with a consistent and growing dividend stream. However, in the light of the prevailing circumstances in the national economy, your board could not in good conscience recommend payment of dividend to shareholders; neither could it grant meaningful bonuses to the company's employees at this time.

> "Winning and maintaining the loyalty and support of our clients gives us a hope and better chance to earn good returns on investment..."

**CLIENTS TRUST**

I want to thank all my colleagues on the board, for their consistent loyalty and outstanding performance in the year, especially their efforts in restoring and rebuilding the trust our clients have in Arbico Plc.

Winning and maintaining the loyalty and support of our clients gives us a hope and better chance to earn good returns on investment for our distinguished shareholders and better remunerations for the employees as soon as the economy improves.

**ACKNOWLEDGEMENT**

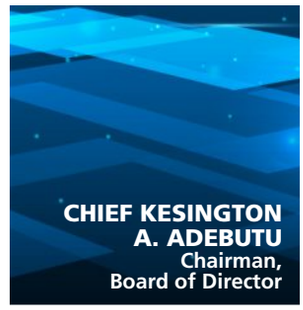
As we move forward to 2015, I use this opportunity to thank all our stakeholders, particularly our shareholders and clients for the ardent support given throughout the year.

I would also like to commend the collective efforts of my fellow Board members, the management and all employees of the company, for their hard work throughout the year. I am confident that despite the challenges in the coming years, given the support, passion and commitment we put in our work; we shall make desirable impact in the immediate future.

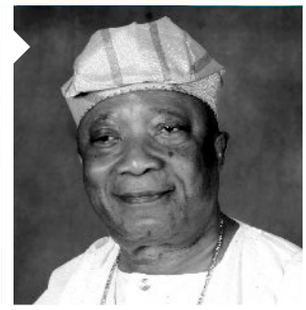
Thank you.

**Chief Kesington Adebutu**
Chairman

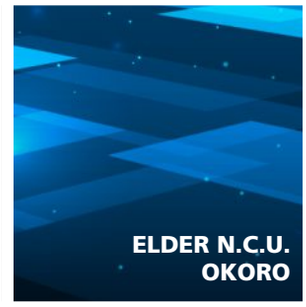
# BOARD OF **DIRECTORS**



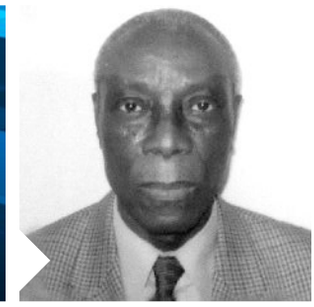
**CHIEF KESINGTON A. ADEBUTU**
Chairman, Board of Director



**MR. ALKIMOS MAKARONIDIS**
Managing Director

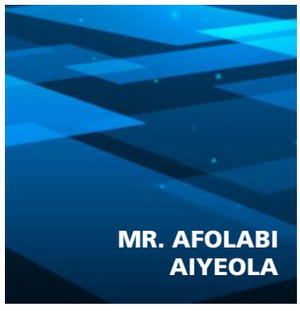


**ELDER N.C.U. OKORO**

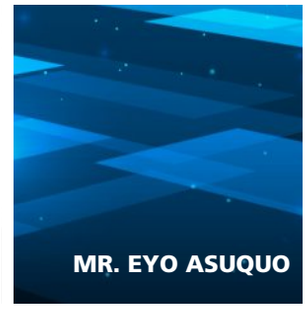


**OTUNBA OSITADE ARANMOLATE**

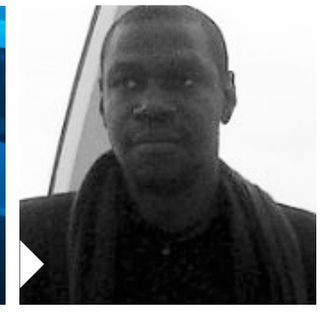
**MR. ADEBISI ADEBUTU**



**MR. AFOLABI AIYEOLA**



**MR. EYO ASUQUO**



# HEALTH, SAFETY & ENVIRONMENT (HSE) REPORT

The Board of Directors, Executive management and employees at Arbico Plc are committed to being an industry leader in health, safety and environmental practices and to maintaining a safe and healthy workplace and protecting the environment.

We believe excellence in Health, Safety and Environment practices is vital to the well-being of everyone who comes in contact with our company and essential to all aspects of our business.

**The company's HSE culture is based on;**

- Setting clear objectives and targets for HSE and reviewing performance at regular intervals.
- Belief in company's ability to continually improve HSE performance.
- Full commitment to our HSE policy and Objectives.
- Providing a workplace that is healthy and safe.
- Providing the right tools and protective equipment required for all aspects of our operations.

**The demonstration of Management commitment to HSE include amongst others;**

- Playing a direct role in implementing the HSE plan/management system and ensuring compliance with applicable legislation, regulations and relevant industry standards.
- Setting personal examples in day-to-day activities.
- Ensuring continuous training and retraining of staff to add value to the organization and themselves.
- To reward safety compliance and penalize defaulters when and where necessary.
- Carrying out periodic audits and reviews of HSE management systems and performance.

**Alkimos Makaronidis**
Managing Director

# RISK MANAGEMENT REPORT

Having the understanding of the nature of common sources of risks in construction industry, it is our culture to take precautionary measures before the occurrence of the risk so as to drastically minimise if not totally eliminate the negative effect of the risk. In Arbico Plc., effort has been put in place to ensure risk awareness programme is organised from time to time for all members of staff at all levels including the new employees; emphasizing the major sources of risks.

These major sources of risks includes:

- Changes in project scope and requirements
- Design errors and omissions
- Inadequately defined roles and responsibilities
- Insufficient skilled staff
- Subcontractors
- Inadequate contractor experience
- New technology
- Unfamiliarity with local conditions

Each project is distinctively executed after careful identification of the most likely risks affecting the project and documentation of characteristics of each risk as may be different from those of other projects.

As a result of proper identification of risks pertaining to each Project, Arbico Plc is able to quantify the risks in order to evaluate the possible outcomes of the Project.

In light of these, we have been able, in most of our Projects, to manage every of the following project associated risks:

**TECHNICAL RISKS:**

- Inadequate site investigation
- Incomplete design
- Appropriateness of specifications
- Uncertainty over the source and availability of materials


**LOGICAL RISKS:**

- Availability of sufficient transportation facilities
- Availability of resources – particularly construction equipment spare parts, fuel and labour.

**MANAGEMENT RELATED RISKS:**

- Uncertain productivity of resources
- Industrial relations problems

**ENVIRONMENTAL RISKS:**

- Weather and seasonal implications
- Natural disasters

**FINANCIAL RISKS:**

- Availability and fluctuation in foreign exchange
- Delays in payment
- Inflation
- Local taxes

**SOCIAL-POLITICAL RISKS:**

- Constraints on the availability and employment of expatriate staff
- Customs and import restrictions and procedures
- Difficulties in disposing of plant and equipment
- Insistence on use of local firms and agents.

▪ Rehabilitation of Feyide House for NNPC Pension Fund Limited

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2014

# REPORT OF **THE DIRECTORS**

FOR THE YEAR ENDED DECEMBER 31, 2014

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

**1 LEGAL FORM**

The company was incorporated on 18 June 1958 as a private limited company under the Companies Ordinance CAP 38 (now the Companies and Allied Matters Act). In 1978, the Company converted to a public limited liability company and its shares became listed on the Nigerian Stock Exchange.

**2 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is building and civil engineering works. The company has developed capabilities in the planning and construction of a broad spectrum of infrastructure projects for Federal and State Governments, Multinational Companies, Industrial Groups and high net-worth individuals.

The revenue for the year ended 31 December 2014 increased to N3.72 billion (10.95%) from N3.35 billion in the year ended 31 December 2013.

**3 RESULTS FOR THE YEAR**

Comparative highlights of the operational results of the Company for the years ended 31 December 2014 and 2013 are as stated in the table below.

| | **2014 N'000** | **2013 N'000** |
|---|---|---|
| Revenue | 3,717,604 | 3,350,612 |
| Operating (loss)/profit | (252,803) | 295,914 |
| (Loss)/profit before tax | (252,299) | 297,633 |
| (Loss)/profit for the year | (259,645) | 278,493 |
| Total comprehensive Income for the year, net of tax | (259,645) | 278,493 |

**4 DIRECTORS**

The names of the Directors at the date of this report and those who held office during the year are as follows:

| | | |
|---|---|---|
| Chief Kesington Adebutu | | Chairman |
| Mr. Alkimos Makaronidis | Greek | Managing Director |
| Elder N.C.U Okoro | | |
| Mr. Afolabi Aiyeola | | |
| Mr. Adebisi Adebutu | | |
| Mr. Eyo Asuquo | | |
| Otunba Ositade Aranmolate | | |

## 5 DIRECTORS' INTEREST

The shareholdings of the Directors in the Company are as follow:

| Name of Directors | Status of appointment | Company Represented | Number of shares |
|---|---|---|---|
| Elder N.C.U Okoro | DIRECT | N/A | 107,360 |
| Chief Kesington Adebutu | INDIRECT | R28 LIMITED | N/A |
| Mr. Alkimos Makaronidis | INDIRECT | R28 LIMITED | N/A |
| Mr. Afolabi Aiyeola | INDIRECT | R28 LIMITED | N/A |
| Mr. Adebisi Adebutu | INDIRECT | R28 LIMITED | N/A |
| Mr. Eyo Asuquo | INDIRECT | R28 LIMITED | N/A |
| Otunba Ositade Aranmolate | INDIRECT | R28 LIMITED | N/A |

## 6 SIGNIFICANT CHANGES IN PROPERTY, PLANT AND EQUIPMENT

No significant change apart from normal additions and disposals in the ordinary course of business.

## 7 SUBSTANTIAL SHARE HOLDING

As at 31 December 2014 the following held 5% or more of the issued capital of the Company:

| | Unit | % |
|---|---|---|
| R28 Limited | 103,900,000 | 69.97 |
| A.O.G Limited | 14,850,000 | 10.00 |
| Nigerians | 29,750,000 | 20.03 |
| | --- | --- |
| | 148,500,000 | 100.00 |
| | ========== | ====== |

**FREE FLOAT REPORT**

| | Unit | % |
|---|---|---|
| Strategic shareholder | 118,750,000 | 79.97 |
| Director direct shareholding | 107,360 | 0.07 |
| Free Float | 29,642,640 | 19.96 |
| | --- | --- |
| | 148,500,000 | 100.00 |
| | ========== | ====== |

## 8 HUMAN CAPITAL MANAGEMENT

### A. EMPLOYMENT OF DISABLED PERSONS

The Company has a general policy of extending employment opportunities to disabled persons as and when there are openings for such employees.

### B. HEALTH, SAFETY AND WELFARE

In addition to medical insurance scheme given to members of staff in mostly private clinics and hospitals, the company maintains well equipped first aid boxes. All essential safety regulations are being observed to guarantee maximum protection of personnel and also to protect the company's assets.

### C. TRAINING

The company is committed to ensuring that staff receives both in-house and external training to help improve their skills.

## 9 DONATIONS

The company donated the sum of N500,000 to Old Peoples Home Yaba, Lagos during the year under review (2013: Nil).

In compliance with Section 38(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Company did not make any donations or gifts to any political association or for any political purpose during the year under review.

## 10 AUDITORS

Ernst & Young were appointed as Auditors on 17 November 2014 and have indicated their willingness to continue in office as the Company's auditor in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

**BY ORDER OF THE BOARD**
**LAGOS, NIGERIA**

OLANIWUN AJAYI LP
FRC/2013/0000000001615

**COMPANY SECRETARY**
**14 August 2015**

# CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

Arbico Plc is committed to the highest standards of Corporate Governance to ensure proper oversight of the Company's operations and to create long term sustainable value for all shareholders and stakeholders. In line with best practices, there is a separation of power between the Chairman and the Managing Director, as well as a unique blend of Executive and Non-Executive Directors. The individual and collective academic qualifications and wealth of diverse skills and experience of the Board ensure independent thought and exceptional decision making.

The Board of Directors in driving the strategic direction of the Company ensures continual building of strong and stable relationships with shareholders, stakeholders and the community at large.

The Company is now publicly quoted on the Nigerian Stock Exchange and affirms its commitment to increasing shareholder value through open and transparent Corporate Governance Practices.

**THE BOARD**

The Board is committed to best practices of Corporate Governance in carrying out its responsibility of determining the strategic objectives and policies of the Company. The Board is accountable to the shareholders and is responsible for creating and delivering sustainable value through proper management of the Company's affairs. The Board also provides oversight of senior management of the Company.

**COMPOSITION OF THE BOARD**

The Board comprises of the Chairman, three (3) Executive Directors and three (3) Non-Executive Directors.

The Board carries out its oversight functions using its various Board Committees. This ensures efficiency and allows for deeper attention to targeted matters for the Board. The Committees are set up in line with best practices and have well defined terms of reference defining their scope and responsibilities. The Committees meet quarterly and additional meetings are convened as required.

**BOARD COMMITTEES:**

The Board carries out its oversight functions through the under-listed committees:

**REMUNERATION /GOVERNANCE COMMITTEE**

The Committee which comprises of 4 members is charged with all necessary powers appropriate for carrying out all duties and responsibilities in formulation of the governance/remuneration functions of the Company

MEMBERSHIP OF THE COMMITTEE:

| | |
|---|---|
| Elder Nathaniel C.U. Okoro | Chairman |
| Mr. Adebisi Adebutu | Member |
| Otunba Ositade Aranmolafe | Member |
| Secretary to the Committee | Member |

**RISK MANAGEMENT COMMITTEE**

The Committee is made up of 5 members. The mandate of the committee is to oversee matters relating to risk management and internal control, as well as the safeguarding of assets, information technology systems, accounting systems, accounting policy and internal audit.

# CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

MEMBERSHIP OF THE COMMITTEE:

| | |
|---|---|
| Otunba Ositade Aranmolafe | Chairman |
| Mr. Eyo Asuquo | Member |
| Mr. Afolabi Aiyeola | Member |
| Mr. Alkimos Makaronidis | Member |
| Secretary to the committee | Member |

**AUDIT COMMITTEE**

The Audit Committee in line with Section 359 (5) of the Companies and Allied Matters Act is mandated to examine the auditor's report and make recommendations thereon to the General Meeting. The Committee consists of 4 members.

MEMBERSHIP OF THE AUDIT COMMITTEE:

| | |
|---|---|
| Engr. Joe. K. Onwaduegbo | Chairman |
| Elder Nathaniel C.U. Okoro | Member |
| Mr. Azubuike Okpalaoka | Member |
| Mr. Alkimos Makaronidis | Member |

The committee met in accordance with the provisions of section 359 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

**REPORT OF THE AUDIT COMMITTEE ATTENDANCE**

| Name | Designation | Number of Meeting Attended |
|---|---|---|
| Engr. Joe. K. Onwaduegbo | Chairman | - |
| Elder Nathaniel C.U. Okoro | Member | 3 |
| Mr. Azubuike Okpalaoka | Member | 3 |
| Mr. Alkimos Makaronidis | Member | 3 |

**TRADING POLICY**

The company has complied with the provisions of the Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange by adopting a code of conduct regarding securities transactions by its Directors and all Staff. All Directors and all Staff have complied with Listing rules and the Issuer's code of conduct regarding securities transactions.

**COMPLAINT MANAGEMENT POLICY**

In accordance with regulatory requirements, the company have recently developed a very robust Complaint Management Policy. The Policy has already been tested by management and is presently awaiting Board approval.

# STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

FOR THE YEAR ENDED DECEMBER 31, 2014

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 require the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No 6, 2011, the regulations of Security and Exchange Commission (SEC) and the Nigerian Stock Exchange.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year ended 31 December 2014. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors

**Afolabi Aiyeola**
Director
FRC/2015/IODN/00000012842

**Otunba Ositade Aranmolate**
Director
FRC/2015/00000012786

14 August 2015

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARBICO PLC

## Report on the financial statements

We have audited the accompanying financial statements of Arbico Plc which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6 2011, and for such internal control as the directors determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Arbico Plc as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6 2011.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to note 29 to the financial statements which indicates that the Company recorded a net loss for the year ended 31 December 2014 of N259.65 million (2013: N278.49 million net profit) and, as at that date, total liabilities exceeded total assets by N204.70 million (2013: N54.95 million net assets). These

conditions, along with other matters as set forth in note 29 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

I) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;

iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Funmi Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For: Ernst & Young
Lagos, Nigeria

14 August 2015

# REPORT OF THE **AUDIT COMMITTEE**

FOR THE YEAR ENDED 31ST DECEMBER , 2014

We have examined the Auditors' Report for the year ended 31 December 2014 in accordance with the provision of section 359(6) of the companies and Allied matter Act, CAP C20 LFN 2004.

In our opinion, the Audited Financial Statements of the Company, for the year ended 31st December 2014, and the reports thereon, confirm as follows:

1. The accounting and reporting policies of the Company are in accordance with legal requirement and agreed ethical practices.

2. The scope and planning of audit requirement were in our opinion adequate.

3. We have reviewed the findings on Management matters, in conjunction with the external Auditors and are satisfied with the response of Management thereon.

4. The Company's system of accounting and internal controls was adequate.

5. We have made the recommendations required to be made in respect of the external auditors.

**Mr. Azubuike Okpalaoka**
for Chairman, Audit Committee
FRC /2015/CISN/000000114

**Members of Audit Committee**

| | |
|---|---|
| Engr. Joe K. Onwuaduegbo | Chairman* |
| Elder Nathaniel C. U. Okoro | Member |
| Mr. Azubuike Okpalaoka | Member |
| Mr. Alkimos Makaronidis | Member |

# STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Notes | 2014 N'000 | 2013 Restated* N'000 |
|---|---|---|---|
| Revenue | 6 | 3,717,604 | 3,350,612 |
| Cost of sales | 7 | (3,177,623) | (2,414,456) |
| **Gross profit** | | **539,981** | **936,156** |
| Other operating income | 8 | 42,390 | 8,054 |
| Administrative expenses | 9 | (835,174) | (648,296) |
| **Operating (loss)/profit** | | **(252,803)** | **295,914** |
| Finance income | 10 | 504 | 1,719 |
| **(Loss)/profit before tax** | | **(252,299)** | **297,633** |
| Income tax expense | 11 | (7,346) | (19,140) |
| **(Loss)/profit for the year** | | **(259,645)** | **278,493** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive income for the year, net of tax** | | **(259,645)** | **278,493** |
| **Earnings per share** | | | |
| Basic and diluted, (loss)/profit for the year attributable to ordinary equity holders of the Company (Naira) | 12 | (1.75) | 1.88 |

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 27

# STATEMENT OF **FINANCIAL POSITION**

AS AT DECEMBER 31, 2014

| **ASSETS** | **Notes** | **2014** **N'000** | **2013** Restated* **N'000** |
|---|---|---|---|
| **Non-current Assets** | | | |
| Property, plant and equipment | 13 | 1,407,928 | 1,174,487 |
| Intangible assets | 14 | 2,818 | 5,480 |
| Unquoted investment | 15 | 2,000 | 2,000 |
| Deferred tax asset | 11 | 49,154 | 49,154 |
| | | **1,461,900** | **1,231,121** |
| **Current Assets** | | | |
| Inventories | 16 | 18,100 | 2,640 |
| Amounts due from customers for contract work | 17 | 1,752,963 | 215,869 |
| Trade and other receivables | 18 | 656,115 | 798,743 |
| Prepayments | 19 | 16,619 | 894 |
| Cash and cash equivalents | 20 | 545,070 | 252,461 |
| | | **2,988,867** | **1,270,607** |
| **Total Assets** | | **4,450,767** | **2,501,728** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Issued capital | 21 | 74,250 | 74,250 |
| Share premium | 21 | 141,184 | 141,184 |
| Asset revaluation surplus | | 861,934 | 861,934 |
| Retained earnings | | (1,282,068) | (1,022,423) |
| **Total Equity** | | **(204,700)** | **54,945** |
| **Non-current liabilities** | | | |
| Advance from customers | 17 | 165,217 | 69,530 |
| Share deposit | 22 | 1,950,000 | - |
| | | **2,115,217** | **69,530** |
| **Current Liabilities** | | | |
| Amounts due to customers for contract work | 17 | 4,681 | - |
| Advance from customers | 17 | 1,173,880 | 383,397 |
| Trade and other payables | 23 | 1,354,343 | 1,945,358 |
| Income tax payable | 11 | 7,346 | 48,498 |
| | | **2,540,250** | **2,377,253** |
| **Total Liabilities** | | **4,655,467** | **2,446,783** |
| **Total Equity and Liabilities** | | **4,450,767** | **2,501,728** |

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 27.

These financial statements were approved by the board of directors on 14 August 2015 and signed on its behalf by:

**Afolabi Aiyeola**
Director
FRC/2015/IODN/00000012842

**Otunba Tade Aranmolate**
Director
FRC/2015/00000012786

# STATEMENT OF **CHANGE IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2014

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| | Notes | Issued capital (Note 21) N'000 | Share premium (Note 21) N'000 | Asset revaluation surplus N'000 | Retained earnings N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| **As at 1 January 2014** | | 74,250 | 141,184 | 861,934 | (1,022,423) | 54,945 |
| Loss for the year | | | | | (259,645) | (261,578) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income/loss | | - | - | - | (259,645) | (261,578) |
| **At 31 December 2014** | | **74,250** | **141,184** | **861,934** | **(1,282,068)** | **(206,633)** |

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2013 (restated*)**

| | | | | | |
|---|---|---|---|---|---|
| **As at 1 January 2013** | 74,250 | 141,184 | 861,934 | (1,300,916) | (223,548) |
| Profit for the year | - | - | - | 278,493 | 278,493 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/loss | - | - | - | 278,493 | 278,493 |
| **At 31 December 20143** | **74,250** | **141,184** | **861,934** | **(1,022,423)** | **54,945** |

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 27.

# STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Notes | 2014 | 2013 Restated* |
|---|---|---|---|
| | | N'000 | N'000 |
| **Operating Activities** | | | |
| (Loss)/profit before tax | | (252,299) | 297,633 |
| Non-cash adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation of property, plant and equipment | 13 | 226,402 | 158,220 |
| Amortisation of intangible asset | 14 | 2,662 | 2,286 |
| Loss on disposal of property, plant and equipment | 9 | 2,006 | 1,015 |
| Finance income | 10 | (504) | (1,719) |
| **Working Capital Adjustments** | | | |
| Decrease in trade and other receivables | | 142,628 | 54,135 |
| Increase in prepayments | | (15,725) | (411) |
| (Increase)/decrease in inventories | | (15,460) | 997 |
| (Increase)/decrease in amounts due from customers for contract work | | (1,537,094) | 62,547 |
| Increase trade and other payables | | 1,358,985 | 533,583 |
| Increase/(decrease) in advance from customers | | 886,170 | (831,411) |
| Increase in amounts due to customers for contract work | | 4,681 | - |
| Movement in tax payable - withholding tax set-off | | (42,484) | - |
| | | **759,968** | **276,875** |
| Income tax paid | 11 | (6,014) | (816) |
| **Net Cash Flows from Operating Activities** | | **753,954** | **276,059** |
| Investing activities | | | |
| Purchase of property, plant and equipment | 13 | (467,712) | (359,248) |
| Purchase of intangible assets | 14 | - | (2,244) |
| Finance income | | 504 | 1,719 |
| Proceeds from sale of property, plant and equipment | | 5,863 | 3,240 |
| **Net Cash Flows used in Investing Activities** | | **(461,345)** | **(356,533)** |
| Net increase/(decrease) in cash and cash equivalents | | 292,609 | (80,474) |
| Cash and cash equivalents at the beginning of the year | | 252,461 | 332,935 |
| **Cash and Cash Equivalents at the end of the year** | **20** | **545,070** | **252,461** |

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Note 27.

# **NOTES** TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2014

## 1. Corporate information

The financial statements of the Company for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the 28th August 2015.

Arbico Plc is a company incorporated on 18 June 1958 in Nigeria and commenced business thereafter. The company's shares were quoted on the Stock Exchange on November 30, 1978.

Its principal activities comprise construction and civil engineering as well as investment in and operation of infrastructure. The registered office is located at Plot D Block 7 Industrial Crescent Ilupeju, Lagos.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN) and as applicable, the Companies Allied Matters Act (CAMA), CAP C20, Laws of the Federation of Nigeria 2004. The financial statements have been prepared on a historical cost basis, except for land and buildings that have been measured at fair value.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

## 3. Summary of significant accounting policies

### 3.1 Foreign currency translation

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

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### 3.2 Revenue recognition

#### 3.2.1 Construction Contracts

The company principally operates fixed price contracts, If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when:
(I) the total contract revenue can be measured reliably;
(ii) it is probable that the economic benefits associated with the contract will flow to the entity;
(iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

*Contract Revenue* - Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

*Contract Costs* - Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise; site Labour costs (including site supervision); costs of materials used in construction; costs of design, cost of depreciation on plant and machinery and technical assistance that is directly related to the contract.

The company contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:
(a) The separate proposals have been submitted for each asset
(b) Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
(c) The costs and revenues of each asset can be identified

A group of contracts are treated as a single construction contract when:
(a) the group of contracts is negotiated as a single package;
(b) the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin
(c) the contracts are performed concurrently or in a continuous sequence

The three criteria must be met before combination can occur.

Losses on contracts are recognised in the period in which they first become foreseeable. Contract losses are determined to be the amount by which estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract. During the period until the percentage of completion calculation is completed, all contract costs are accumulated in contract work in progress. The costs of the contract attributable to the stage of contract completion are transferred to cost of sales. Where the costs incurred plus recognised profits are greater than the sum of the recognised losses and progress billings, then this amount is shown in debtors as amounts due from customers for contract work. Where the sum of recognised losses and progress billings is greater, then this amount is shown in creditors as amounts due to customers for contract work.

### 3.2.2 Interest Income

Interest income is recognised using the effective interest rate method (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability

### 3.2.3 Income from Rentals of Equipment

In the course of business the company sometimes concedes to the use of its equipment by a third party at an agreed fee. The agreed fee is usually recognised as revenue accruing to the company and in an event of damage the third party would be held liable for all repairs to bring the equipment to its functional state

### 3.2.4 Investment Income

Investment income comprises realised and unrealised gains on investments, interest income and dividend income. Interest income is accrued on a time basis, by reference to the principal outstanding and 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 that asset's net carrying amount. Dividend income is recognised when the right to receive payment is established.

### 3.2.5 Recognitionof Expected Loss

If it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately.

## 3.3 Gross Amount Due From Customers

Gross amount due from customers represent work-in-progress (valued on the basis of quantity surveyor's estimate of the quantum of work done but not yet certified) plus recognised profits, less recognised losses and progress billings. Claims receivable arising on contracts are normally taken to income when agreed. In the case of unprofitable contracts, full provision is made for anticipated future losses after taking into account a prudent estimate of claims arising in respect of such contracts.

## 3.4 Advance Payments Received

Advanced payments received are amounts received before the related work is performed and are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

## 3.5 Property, Plant And Equipment (PPE)

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses except for buildings which are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance is charged to profit or loss during the financial period in which they are incurred. Losses or gains on disposals of assets are recognised in the Profit or Loss.

Capitalization policies are those policies that guide the classification of a particular item of PPE.

### 3.5.1 Revaluation Policy

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in

equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings

### 3.5.2 Category of PPE

The Company has divided its PPE to the following category:

1) Motor vehicles
2) Office furniture and equipment
3) Plant and equipment
4) IT infrastructures
5) Land and building

Each category of assets is further divided into separate components that can be identified and replaced without necessarily replacing the whole assets. Each component is associated with a cost and depreciated separately. Item that would be replaced within one year are classified as consumables and expensed to profit or loss.

### 3.5.3 Depreciation

*For all depreciable assets:*
The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life. The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity.

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. Depreciation should be charged to the profit or loss, unless it is included in the carrying amount of another asset.

Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle.

**Depreciation table**
**Motor Vehicle**

| Deprecation Rate | Engine % | Body % | Interior % | Gear Box % | PUMP/JACK % | Chassis % | Bucket % | Transmission Aix % |
|---|---|---|---|---|---|---|---|---|
| Motor Car | 25 | 20 | 20 | 25 | - | 20 | - | - |
| Ford | 25 | 20 | 20 | 25 | - | 20 | - | - |
| Truck | 25 | 20 | 20 | 25 | 25 | 20 | 20 | - |
| Jeep | 25 | 20 | 20 | - | - | 20 | - | 25 |
| Motor Cycle | 50 | 50 | - | - | - | - | - | - |

## I.T Infrastructures

| Deprecation Rate | Screen % | Monitor % | Mother Board % | Hard Drive % | Memory % | Lamp Heater % | Display Panel % | Plating Colour % | Main Board % | Heater % |
|---|---|---|---|---|---|---|---|---|---|---|
| Desktop Computer | - | 25 | 25 | 25 | 25 | - | - | - | - | - |
| Laptop Computer | 25 | 0 | 25 | 25 | 25 | - | - | - | - | - |
| Photocopy Machine | - | 25 | - | - | - | 25 | 25 | 25 | 25 | 25 |

**Depreciation rate for Building**

| Components | Useful Life | Deprecation Rate |
|---|---|---|
| Roof | 25 years | 2.5% |
| Celling | 20 years | 5% |
| Civil Works (Wall) | 50 years | 2% |
| Floor/Tiles | 20 years | 5% |
| Doors/Window | 20 years | 5% |
| Fence | 10 years | 10% |

**Depreciation rate for Land**

| Components | Useful Life | Deprecation Rate |
|---|---|---|
| Land | 100 years | 1% |

Office Furniture and Equipment

Office furniture is not componentised and it is depreciated at 20% for a useful life of 5years.

**Plant Tools and Equipment**

| | Engine % | Body % | Camaya Belt % | Sail % | Interior % | Electrical Motor % | Mixer % | Cable % | Gear Box % | Pump /jack % | Chassis % | Host % | Bucket % | Alter -nator % | Stand % | Roller % | Operating Panel % | Control room % | Water tank % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **JCB Machine** | 25 | 20 | - | - | - | - | - | - | - | - | 20 | 20 | - | - | - | - | - | - | - |
| **Mixer** | 25 | - | - | - | - | - | - | - | - | - | - | - | - | 15 | - | - | - | - | - |
| **Double Drum Roller** | 25 | 20 | - | - | - | - | - | - | 25 | - | 20 | - | - | - | - | 20 | - | - | - |
| **Genarator** | 25 | - | - | - | - | - | - | - | - | - | - | - | - | 25 | - | - | - | - | - |
| **Levelling Instrument** | 50 | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Power Fluting Machine** | 50 | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Battery Charging machine** | 50 | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Scaffolding** | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Jack Hammer** | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Vibrator Machine** | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Dumber** | 25 | 20 | - | - | - | - | - | - | 25 | - | 25 | - | 20 | - | - | - | - | - | – |
| **Tower Crane** | - | 20 | - | - | - | 25 | - | 25 | - | - | - | - | - | - | - | - | 25 | - | - |
| **Mobile Crane** | 25 | 20 | - | - | 20 | - | - | - | 50 | - | - | 25 | - | - | - | - | - | - | - |
| **Batching Plant** | - | - | 25 | 20 | - | - | 20 | - | - | 25 | 20 | - | - | - | 20 | - | - | 25 | 25 |

### 3.5.4. De recognition (retirements and disposals)

Assets are derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and should be recognised in the profit or loss.

### 3.5.5. Intangible assets

An intangible asset is an identifiable non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable and the company has control over the asset and also probable that economic benefits will flow to the Company. The cost of the asset must be measured reliably.

### 3.5.6. Amortisation and derecognition of intangible assets

Intangible assets are depreciated at 25% annually using straight line methods. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

## 3.6. Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

### 3.6.1. Financial assets

*Nature and Subsequent measurement*

The Company's financial assets include trade and other receivables and cash and short-term deposits. After initial measurement, the subsequent measurement of financial assets depends on their classification as follows:

#### 3.6.1.1 Financial assets at fair value through profit or loss

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss. Financial assets designated at fair value through profit or losses at inception are those that are:

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases; or

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

The company's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

#### 3.6.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or

premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

#### 3.6.1.3 Trade Receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'administrative expenses' in profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income.

#### `3.6.1.4 Cash and Short Term Deposit

Cash and Short term deposit includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purpose of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any). Cash and Cash equivalents are measured at amortised cost.

### 3.6.2 De-recognition Of Financial Assets

The Company derecognises a financial asset if and only if the Company's contractual rights to the cash flows from the asset expires or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Company has transferred substantially all the risks and rewards of the asset, or
(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from a financial asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### 3.6.3 Impairment of Financial Assets

#### 3.6.3.1 Financial Assets Carried At Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the 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.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are

not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. 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.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

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 previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### 3.6.3.2 Financial assets carried at fair value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

### 3.6.4 Financial Liabilities

#### 3.6.4.1 Initial Recognition And Measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings as appropriate. The Company determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

#### 3.6.4.2 Financial Liabilities-Subsequent measurement

Trade and other 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 in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as

well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in profit or loss.

#### 3.6.4.3 De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

### 3.6.5 Offsetting of 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.

### 3.6.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 3.7 Employees Benefits

### 3.7.1 Pension Fund Obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company in line with the provisions of the Pension Reform Act, 2004 has instituted a defined contribution pension scheme for its employees. Employees contribute 7.5% of their basic annual salary, housing and transport allowances. The Company's contribution which is charged to profit and loss is 7.5% of employee's total emoluments.

### 3.7.2 Short-term Employee Benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognised in the period in which the service is rendered and is not

discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. Provisions for leave pay and bonuses are recognised as a liability in the financial statements.

### 3.8 Taxation

#### 3.8.1 Current Income Tax

Current income tax and education tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 3.8.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 3.8.3 Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which

case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

### 3.10 Inventories

Inventories which comprise construction materials are recognised at lower of cost and net realizable value after making adequate provision for obsolescence and damaged items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 3.11 Provision and Contingency Liability

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.12 Current Versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be sold within twelve months after the reporting period, or
  Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelvmonths after the reporting period.

All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.13 Impairment Of Non-financial Assets

The company assesses assets or group of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other group of assets. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Impairment losses are recognised in profit & loss.

Impairment losses recognised in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognised. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## 4. Significant Accounting Judgements, Estimates And Assumptions

The preparation of the company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

*Judgments other than estimates*

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

### 4.1 Revenue Recognition

When a contract is judged to be a construction contract, then revenue is recognised using the percentage of completion method. The percentage of completion method is made by reference to the stage of completion of projects determined based on the proportion of contract costs incurred to date and the estimated costs to complete. The percentage of completion and the revenue to recognize are determined on the basis of a large number of estimates. Consequently, the company has implemented an internal financial budgeting and reporting system.

### 4.2 Impairment Of Non-financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years.

### 4.3 Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide contract relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective bodies. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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

### 4.4 Review of the useful lives of tangible assets

Another major assumption made by directors in the preparation of the financial statements is the determination of the useful life of the plant property and equipment. These estimates are made from judgments based on past experience with similar assets, technological obsolescence and declining residual values.

### 4.5 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

The company recorded a net loss for the year ended 31 December 2014 of N261.58 million (2013: N278.49 million net profit) and, as at that date, the total liabilities exceeded the total assets by N206.63 million (2013: N54.95 million net assets). The company continues to incur losses.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and as such may be unable to realise its assets or discharge its liabilities in the ordinary course of business.

Management has developed key initiatives which aim to return the Company to profitability. These initiatives include continuously working on winning new contracts with high margin, achieving better gross margin on existing projects through continued aggressive operational cost optimization and improved method of project management.

The financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the company will continue to receive the financial support of Biswal Limited and R28 Limited and will realise its assets and discharge its liabilities in the ordinary course of business.

## 5. Standards that became effective on 1 January 2014

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2014.

The nature and the impact of each new standard and amendment is described below:

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company, since the Company does not qualify to be an investment entity under IFRS 10.

**Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company since it has no offsetting arrangements.

**Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Company as the Company has no derivatives during the current or prior periods.

**Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36**

The IASB amended IAS 36 by removing the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. It also requires the disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

The amendments are effective from annual periods beginning on or after 1 January 2014 and should be applied retrospectively. Early adoption is permitted although the amendments may not be applied before an entity applies IFRS 13. These amendments were not relevant to the Company.

**IFRIC 21 Levies**

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

**Annual Improvements 2010-2012 Cycle**

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

**Annual Improvements 2011-2013 Cycle**

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

**Standards issued but not yet effective**

The standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective.

**IFRS 9** *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

**IFRS 14** *Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

**Amendments to IAS 19** *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the company, as it does not operate a defined benefit plan.

**Annual improvements 2010-2012 Cycle**

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

**IFRS 2** *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This will not impact the company as the company does not have share based payments.

**IFRS 3** *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

This will not impact the company as the company does not have business combinations.

**IFRS 8** *Operating Segments*

The amendment is applied retrospectively and clarifies the need for an entity to disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are similar.

**IAS 16** *Property, Plant and Equipment* and **IAS 38** *Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the cost and carrying amounts of the asset.

This will not impact the company as the revaluation done previously was based on the gross carrying amount.

**IAS 24** *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

This amendment is not applicable to the Company as it does make use of management entity.

**Annual improvements** *2011-2013 Cycle*

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

**IFRS 13** *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).
This amendment is not applicable as the Company does not hold as a group financial assets, financial liabilities or other contracts.

**IAS 40** *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

This amendment is not applicable as the Company does not have investment property.

**IFRS 3** *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
Joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment is not applicable as the Company has no business combination.

**IFRS 15** *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts

with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

*Amendments to* **IFRS 11** *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to **IAS 16** and **IAS 38:** *Clarification of Acceptable Methods of Depreciation and amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to **IAS 27:** *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

**Annual improvements** *2012-2014 Cycle*

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Company. They include:

**IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal**

The amendment clarifies that changing from one method of disposal to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment is to be applied prospectively.

**IFRS 7** *Financial Instruments: Disclosures*

Servicing contractsThe amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

**Applicability of the offsetting disclosures to condensed interim financial statements**

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

These amendments will not have any impact on the Company's financial statements.

**IAS 19** *Employee Benefits: Discount rate: regional market issue*

The amendment is to be applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. These amendments will not have any impact on the Company's financial statements.

**IAS 34** *Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report*

The amendment is to be applied prospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).

The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

**IAS 1** *Disclosure Initiative – Amendments to IAS 1*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

| | | 2014 N'000 | 2013 N'000 |
|---|---|---|---|
| **6** | **Revenue** | | |
| | Construction contracts | **3,717,604** | **3,350,612** |
| **7** | **Cost of sales** | | |
| | Contract expenses | 2,986,626 | 2,333,281 |
| | Depreciation expenses - Plant tools and equipment | 150,564 | 81,175 |
| | Project technical expenses | 40,433 | - |
| | | **3,177,623** | **2,414,456** |

Project technical expenses refer to expenses relating to overseas technical expenses.

| | | | |
|---|---|---|---|
| **8** | **Other operating income** | | |
| | Rent income | 2,000 | 5,250 |
| | Other income | 3,399 | 957 |
| | Sale of scraps | 14,339 | 1,847 |
| | Recoveries of receivables previously written off | 22,651 | - |
| | | **42,390** | **8,054** |

The operating lease in place does not meet the definition of a non-cancellable operating lease.

| | | | |
|---|---|---|---|
| **9** | **Administrative expenses** | | |
| | Audit fee | 8,000 | 2,268 |
| | Bank charges | `19,926 | 14,644 |
| | Depreciation & amortization | 78,500 | 79,331 |
| | Donations and subscriptions | 618 | 564 |
| | Directors' remuneration | 84,941 | - |
| | Employee benefits expense (Note 9a) | 224,514 | 195,200 |
| | Loss on sale of property, plant and equipment | 2,006 | 1,015 |
| | Repairs and maintenance | 183,993 | 139,592 |
| | Office and Admin Expenses | 232,676 | 215,682 |
| | | **835,1746** | **48,296** |
| **9a** | **Employee benefit expense** | | |
| | Salaries & wages | 205,611 | 181,459 |
| | Medical | 13,750 | 4,185 |
| | Staff training | 2,435 | 1,815 |
| | Staff welfare | 2,718 | 7,741 |
| | | **224,514** | **195,200** |
| **10** | **Finance income** | | |
| | Interest on short term deposits | **504** | **1,719** |

## 11 Income tax

The major components of income tax expense for the year ended 31 December 2014 and 31 December 2013 are:

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Profit or loss | | |
| Current income tax: | | |
| Current income tax charge | 7,346 | 26,477 |
| Education tax | - | 5,592 |
| Tax effect of error correction (Note 27) | - | 2,146 |
| | **7,346** | **34,215** |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | - | (15,075) |
| Income tax expense reported in profit or loss | **7,346** | **19,140** |

*Reconciliation between tax expense and the product of accounting loss for the year ended 31 December 2014 is as follows:*

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| **Accounting profit before tax** | (252,299) | 297,633 |
| At Nigeria's statutory income tax rate of 30% (2013: 30%) | (75,690) | 89,290 |
| Education tax | - | 5,592 |
| Non-deductible expenses | 69,471 | 43,003 |
| Minimum tax | 7,346 | - |
| Effect of tax incentives | - | (118,745) |
| Effect of tax loss | 6,219 | - |
| Income tax expense reported in profit or loss | **7,346** | **19,140** |

*Reconciliation of current income tax liabilities*

| | | |
|---|---|---|
| **As at 1 January** | **48,498** | **15,099** |
| Charge for the year | 7,346 | 34,215 |
| Payment during the year | (6,014) | (816) |
| Withholding tax off-set | (42,484) | - |
| **As at 31 December** | **7,346** | **48,498** |

**Deferred tax**

*Deferred tax relates to the following:*

| | Statement of financial position | | Statement of comprehensive income | |
|---|---|---|---|---|
| | 2014 N'000 | 2013 N'000 | 2014 N'000 | 2013 N'000 |
| Property, plant and equipment | 49,154 | 49,154 | - | (15,075) |
| Net deferred tax asset | **49,154** | **49,154** | **-** | **(15,075)** |

**Deferred tax income**
Reflected in the statement of financial position as follows:

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Deferred tax assets | 49,154 | 49,154 |
| Deferred tax liabilities | - | - |
| Deferred tax liabilities, net | **49,154** | **49,154** |

*Reconciliation of deferred tax asset, net*

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| **As at 1 January** | **49,154** | **34,079** |
| Credit for the year | - | 15,075 |
| **As at 31 December** | **49,154** | **49,154** |

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The company has, accordingly, recognised a deferred tax asset of N49.15 million (2013: N49.15 million) relating to net deductible temporary difference that are considered to be realisable against the Company's taxable profits, which is expected to arise in future periods.

The Company's retained earnings as at the end of the year reflects a negative value due to loss made. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits. The unrecognised portion of deferred tax assets as at 31 December 2014 is N66.22 million (2013: Nil).

## 12 Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Net (loss)/profit attributable to ordinary equity holders | (259,645) | 278,493 |
| Average number of ordinary shares in issue | 148,500 | 148,500 |
| Basic and diluted earnings per share (Naira) | (1.75) | 1.88 |

## 13. Property, plant and equipment

| | | | | | | |
|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | |
| **At 1 January 2013** | 733,500 | 193,200 | 156,929 | 188 | 13,990 | 1,097,807 |
| Additions during the year | - | 232,599 | 119,537 | 222 | 6,890 | 359,248 |
| Disposals during the year | - | - | (6,136) | - | - | (6,136) |
| **At 31 December 2013** | **733,500** | **425,799** | **270,330** | **410** | **20,880** | **1,450,919** |
| Additions during the year | - | 406,486 | 55,393 | 985 | 4,848 | 467,712 |
| Disposals during the year | - | (765) | (18,060) | - | - | (18,825) |
| **At 31 December 2014** | **733,500** | **831,520** | **307,663** | **1,395** | **25,728** | **1,899,806** |
| ***Depreciation*** | | | | | | |
| **At 1 January 2013** | **-** | **72,715** | **40,540** | **82** | **6,756** | **120,093** |
| Charge for the year | 22,005 | 81,175 | 49,940 | 67 | 5,033 | 158,220 |
| Disposals for the year | - | - | (1,881) | - | - | (1,881) |
| **At 31 December 2013** | **22,005** | **153,890** | **88,599** | **149** | **11,789** | **276,432** |
| Charge for the year | 7,335 | 150,564 | 62,507 | 169 | 5,8272 | 26,402 |
| Disposals for the year | - | (621) | (10,335) | - | - | (10,956) |
| **At 31 December 2014** | **29,340** | **303,833** | **140,77** | **1318** | **17,616** | **491,878** |
| ***Carrying value*** | | | | | | |
| **At 31 December 2013** | **711,495** | **271,909** | **181,731** | **261** | **9,091** | **1,174,487** |
| **At 31 December 2014** | **704,160** | **527,687** | **166,892** | **1,077** | **8,112** | **1,407,928** |

There are no restrictions on title to the items of property, plant and equipment. The Company has not pledged any item of property, plant and equipment as security for liabilities. The fair value of the company's buildings is in line with the carrying amount. However revaluation of the buildings are done at management discretion.

## 14 Intangible Assets

| | **Computer software N'000** |
|---|---|
| ***Cost*** | |
| **At 1 January 2013** | 8,403 |
| Additions during the year | 2,244 |
| **At 31 December 2013** | 10,647 |
| Additions during the year | - |
| **At 31 December 2014** | **10,647** |
| ***Amortisation*** | |
| **At 1 January 2013** | 2,881 |
| Charge for the year | 2,286 |
| **At 31 December 2013** | 5,167 |
| Charge for the year | 2,662 |
| **At 31 December 2014** | **7,829** |
| ***Carrying value*** | |
| **At 31 December 2013** | **5,480** |
| **At 31 December 2014** | **2,818** |

## 15 Unquoted Investment

Arbico Plc acquired 2,000,000 units of ordinary shares of N1 each in Home Trust Limited, which is involved in building and management of properties, in 2006. As at 31 December 2014, Arbico Plc holds less than 20% of the equity interest of Home Trust Limited. Home Trust Limited is a private entity that is not listed on any public exchange. In line with IAS 39.46c, the investment is measured at cost since the Company's equity is not quoted in an active market and the fair value of the asset cannot be reliably measured.

## 16 Inventories

| | 2014<br>N'000 | 2013<br>N'000 |
|---|---|---|
| Construction materials (at cost) | 18,100 | 2,640 |

## 17 Construction Contracts In Progress

Total income and expense recognised under IAS 11 on contract in progress in the year

| | 2014<br>N'000 | 2013<br>N'000 |
|---|---|---|
| Costs incurred for period | 3,177,623 | 2,414,456 |
| Recognised profits/(losses) | 539,981 | 936,156 |
| Contract revenue for the period | 3,717,604 | 3,350,612 |
| Less progress billings and advances | (2,185,191) | (3,158,529) |
| | 1,532,413 | 192,083 |
| Brought forward | 215,869 | 23,786 |
| Carried forward | **1,748,282** | **215,869** |
| Amounts due from customers for contract work | 1,752,963 | 215,869 |
| Amounts due to customers for contract work | (4,681) | - |
| Construction contracts in progress, net position | **1,748,282** | **215,869** |
| Aggregate amount of costs incurred and recognised profits (less losses) to date | **8,017,247** | **4,272,169** |
| Retention asset | 226,459 | 226,797 |
| *Advances received:* | | |
| Non-current | 1,173,880 | 383,397 |
| Current | 165,217 | 69,530 |

Retention asset is reported as part of trade receivables.

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| **18 Trade and other receivables** | | |
| Contract receivables | 301,124 | 470,410 |
| Retention receivable | 226,459 | 226,797 |
| | **527,583** | **697,207** |
| Other receivables (Note 18.1) | 128,532 | 101,536 |
| | **656,115** | **798,743** |

Trade receivables are non-interest bearing and are generally on 30 - 360 day terms.

For terms and conditions relating to receivables from related parties, see note 24.

There was no impairment on trade and other receivables as at the end of the reporting period.. Impairment of trade receivables is based on management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customer to pay. Management has established that it would be difficult to establish cashflows expected from government related receivables especially as it relates to construction contracts.

As at 31 December 2014, the ageing analysis of contract receivables is as follows:

| | Total | Neither past due nor impaired | Past due but not impaired | |
|---|---|---|---|---|
| | | | 0-1 year | 0-1 year |
| | N'000 | N'000 | N'000 | N'000 |
| **2014** | **527,583** | **-** | **386,399** | **141,184** |
| **2013** | **697,207** | **-** | **615,202** | **82,005** |

See Note 25 on credit risk of trade receivables to understand how the company manages and measures credit quality of trade receivables that are neither past due nor impaired.

| **18.1 Other receivables** | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Staff receivable | 709 | 607 |
| Withholding tax receivable | 127,823 | 97,577 |
| Service receivable | - | 3,352 |
| | **128,532** | **101,536** |

Staff receivables relates to short-term advances granted to employees of the Company for travelling and business expenses. The advances are expected to be retired within one year.

Withholding tax receivable (WHT) represent amount deducted at source by customers from payment to the Company in line the withholding tax law. The customer is expected to remit the amount withheld to the relevant tax authority and obtain withholding tax credit note in the name of Arbico Plc. The WHT credit note can be used to offset future tax liability.

## 19 Prepayments

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Rent | 15,033 | - |
| Insurance | 1,586 | 894 |
| | **16,619** | **894** |

The operating leases in place did not meet definition of a non-cancellable operating lease.

## 20 Cash and cash equivalents

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Cash at hand | 857 | 715 |
| Cash at bank | 544,213 | 251,746 |
| | **545,070** | **252,461** |

Cash at banks earns interest at floating rates based on daily bank deposit rates which ranges from 2% to 2.5%.

Included in cash at bank is restricted cash relating to amount withheld by banks as security for advance payment guarantee provided by the two banks for contractual advance received from customers: 2014 – N167.29 million (2013: N51.07million). The restriction on this amount is lifted when the advance payment guarantee is released on achievement of certain milestones on the contracts.

For the purpose of statement of cash flows, cash and cash equivalents comprise of following:

| **Cash and cash equivalents** | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Cash at hand | 857 | 715 |
| Cash at bank | 377,777 | 201,395 |
| Restricted cash | 167,293 | 51,066 |
| | **545,070** | **252,461** |

## 21 Issued capital and reserves

| | | |
|---|---|---|
| *Authorised* | | |
| 150,000,000 Ordinary shares of 50K each | 75,000 | 75,000 |
| *Issued and fully paid* | | |
| 148,500,000 Ordinary shares of 50k each | 74,250 | 74,250 |
| *Share Premium* | | |
| As at 31 December | 141,184 | 141,184 |

## 22 Share deposit

**As at 31 December 2014, a total of N1,991,947,686 was owed by Arbico Plc to Biswal Limited, a related Company.** As at that date a decision was taken by the directors of Biswal Limited to convert N1,950,000,000 of the amount due from Arbico Plc into equity through acquisition of more share capital in the later. However, due to the inability of Arbico Plc to meet necessary regulatory requirement such as increase in authorised share capital, registration of increase in share capital and allotment of shares, the amount was recognised as deposit for shares in the book of Arbico Plc.

## 23 Trade and other payables

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Trade payables | 7,433 | 8,231 |
| Other payables (Note 23.1) | 997,704 | 492,041 |
| Due to related parties (Note 23.2) | 349,206 | 1,445,086 |
| | **1,354,343** | **1,945,358** |

**Terms and conditions of the above financial liabilities:**
Trade payables are non-interest bearing and are normally settled on 60-day terms.
Other payables are non-interest bearing and have an average term of six months.
For terms and conditions relating to due to related parties, refer to Note 24.
For explanations on the Company's credit risk management processes, refer to Note 25.

### 23.1 Other payables

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| Pension payable | 21,395 | 29,826 |
| Other payable | 172,232 | 168,696 |
| Industrial training fund | 5,287 | 7,954 |
| Service providers payable | 13,510 | 12,857 |
| Accruals | 785,280 | 272,708 |
| | **997,704** | **492,041** |

Accruals are with respect to job done by sub-contractors for which project certificate/invoices have not been used as agreed milestones have been reached.

### 23.2 Due to related parties

| | 2014 N'000 | 2013 N'000 |
|---|---|---|
| R28 Limited | 307,258 | 307,258 |
| Biswal Limited | 41,948 | 1,137,828 |
| | **349,206** | **1,445,086** |

For terms and conditions relating to due to related parties, refer to Note 24.

## 23 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 December 2014 and 2013, refer to Note 23.2:

| | | Payments on behalf of Arbico by related parties N'000 | Amount owed to related parties N'000 |
|---|---|---|---|
| R28 Limited | 2014 | - | 307,258 |
| | 2013 | - | 307,258 |
| Biswal Limited | 2014 | 854,120 | 41,948 |
| | 2013 | 305,882 | 1,137,828 |

**Nature of related party transactions**

At the start of the re-engineering process in August 2010, the Board of directors approved that intervention fund be received from Biswal Ltd and R28 both being related parties companies. The Board decision was based on the fact that at that time the Company lacked pedigree and goodwill to approach financial institutions and the capital market was not an option because the Company was then on technical suspension. However there was urgent need to procure modern equipment to meet current trends in the construction industry. As at reporting date, 31 December 2014 total intervention fund received for purchase of equipment and settlement of bank loans from both parties stood at N2.3 billion (2013: N1.45 billion).

**Biswal Limited**
Biswal limited is owned by one of the Directors of Arbico Plc, Adebisi Adebutu.

**Entity with control over the Company**

**R28 Limited**
R28 Limited owns 69.97% of the ordinary shares in Arbico Plc (2013: 69.97%).

**Terms and conditions of transactions with related party**
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided for any related party payables.

Compensation of Key Management Personnel of the Company

| | 2014<br>N'000 | 2013<br>N'000 |
|---|---|---|
| Short-term employee benefits | 84,942 | - |
| Post-employment pension | - | - |
| **Total compensation** | **84,942** | **-** |

The directors were not remunerated during the year ended 31 December 2013.

## 24 Financial Risk Management Objectives and Policies

### a. Overview

The Company's principal financial liabilities comprise of loans and borrowings, amount due to customers for contract work and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, amount due from customers on contract work, investments and cash and bank balances.

The Company has exposure to the following risks from its use of financial instruments:
- Credit Risk
- Liquidity Risk
- Market Risk

The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks.

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

Further quantitative disclosures are included throughout these financial statements.

**Credit Risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks.

The maximum exposure to credit risk at the reporting date is the carrying value stated below

| | 31 Dec 2014 N'000 | 31 Dec 2013 N'000 |
|---|---|---|
| Trade receivables | 527,583 | 697,207 |
| Other receivables | 128,532 | 101,536 |
| | **656,115** | **798,743** |

**Financial Instrument and Cash Deposit**
Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and with credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the statement of financial position as at 31 December 2014 and 2013 is the carrying amount as illustrated in note 20.

**Trade and Other Receivables**
Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for an impairment is analysed at each reporting date on an individual basis for each client. There is no impairment for trade receivables for the period under review due to the fact that management has established that it would be difficult to establish cashflows expected from government related receivables especially as it relates to construction contracts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of trade payables and related party funding. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

**Liquidity Risk *(cont'd)***

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

| | On demand | Less than 3 months | 3 to 12 months | 1-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2014** | | | | | | |
| Trade and other payables | - | - | 396,831 | - | - | 396,831 |
| Amounts due to customers for contract work | - | - | 4,681 | - | - | 4,681 |
| | **-** | **-** | **401,512** | **-** | **-** | **401,512** |

| | On demand | Less than 3 months | 3 to 12 months | 1-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2014** | | | | | | |
| Trade and other payables | - | - | 1,503,954 | - | - | 1,503,954 |
| Amounts due to customers for contract work | - | - | - | - | - | - |
| | **-** | **-** | **1,503,954** | **-** | **-** | **1,503,954** |

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company is exposed to currency risk and insignificant interest rate risk. Financial instruments affected by currency risk include cash and short term deposit, trade and other receivables and trade and other payables.

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency). Management has set up a policy requiring the Company to manage its foreign currency risk against its functional currency. To manage its foreign currency risk arising from future commercial transaction and recognised asset and liabilities, the Company ensures that significant transaction is contracted in the functional currency.

**Foreign Currency Sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| | Change in USD rate | Effect on profit before tax N000 |
|---|---|---|
| **2014** | 5% | (120) |
| | -5% | 120 |
| **2013** | 5% | (176) |
| | -5% | 176 |

| | Change in EURO rate | Effect on profit before tax N000 |
|---|---|---|
| **2014** | 5% | (32) |
| | -5% | 32 |
| **2013** | 5% | (7) |
| | -5% | 7 |

| | Change in POUNDS rate | Effect on profit before tax N000 |
|---|---|---|
| **2014** | 5% | (4) |
| | -5% | 4 |
| **2013** | 5% | (1) |
| | -5% | 1 |

*The table below show financial instruments by their measurement bases:*

| As at 31 December 2014 | Amortised cost N'000 | Fair value through profit or loss N'000 | Carrying value N'000 |
|---|---|---|---|
| Trade and other receivables | 528,292 | - | 528,292 |
| Cash and cash equivalents | 545,070 | - | 545,070 |
| Unquoted Investment | 2,000 | - | 2,000 |
| Amount due from customers | 1,752,963 | - | 1,752,963 |
| **Total financial assets** | **2,828,325** | **-** | **2,828,325** |
| Trade and other payables | 396,831 | - | 396,831 |
| Amounts due to customers for contract work | 4,681 | - | 4,681 |
| **Total financial liabilities** | **401,512** | **-** | **401,512** |

| As at 31 December 2013 | Amortised cost N'000 | Fair value through profit or loss N'000 | Carrying value N'000 |
|---|---|---|---|
| Trade and other receivables | 701,166 | - | 701,166 |
| Cash and cash equivalents | 252,461 | - | 252,461 |
| Unquoted Investment | 2,000 | - | 2,000 |
| Amount due from customers | 215,869 | - | 215,869 |
| **Total financial assets** | **1,171,496** | **-** | **1,171,496** |
| Trade and other payables | 1,503,954 | - | 1,503,954 |
| Amounts due to customers for contract work | - | - | - |
| **Total financial liabilities** | **1,503,954** | **-** | **1,503,954** |

## 25 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables less cash and cash equivalents.

| | 2014<br>N'000 | 2013<br>N'000 |
|---|---|---|
| Trade and other payables (Note 23) | 1,354,343 | 1,945,358 |
| Less cash and cash equivalent (Note 21) | (545,070) | (252,461) |
| Net debt | 809,273 | 1,692,897 |
| Equity | (204,700) | 54,945 |
| Capital and net debt | 604,573 | 1,747,842 |
| Gearing ratio (%) | 134% | 97% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets short term obligations to creditors and related parties providing funding support.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

## 26 Fair value measurement of financial assets and liabilities

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short- term maturities of these instruments. Other than items that are measured at fair value upon initial recognition, no assets or liabilities are subsequently measured at fair value in the financial statements. In addition, the fair value of financial assets and liabilities subsequently measured at amortised cost approximate their carrying value at the end of the reporting period. Hence, no fair value disclosure is provided in the financial statements.

## 27 Correction of an error

In December 2013, some item of plant and machinery acquired totalling N22.905 million were erroneously expensed as part of project cost. As a consequence, cost of sale was overstated and property, plant and equipment understated. The error has been corrected by restating the affected line items in 2013 financial statements as follows:

***Impact on equity (increase in equity)***

| | 31 December 2013<br>N'000 |
|---|---|
| Property plant and equipment | 22,905 |
| **Total assets** | **22,905** |
| Income tax payable | (2,146) |
| **Total liabilities** | **(2,146)** |
| **Net impact on equity** | **20,759** |

***Impact on statement of profit or loss (increase in profit)***

| | 31 December 2013 N'000 |
|---|---|
| Cost of sales | 22,905 |
| Income tax expense | (2,146) |
| **Net impact on profit for the year** | **20,759** |

***Impact on basic and diluted earnings per share (EPS) (increase in EPS)***

| | 31 December 2013 |
|---|---|
| Earnings per share | |
| Basic and diluted profit for the year attributable to equity holder of the Company (N) | 0.14 |

***Impact on investing cashflows (increase in cashflows)***

| | 31 December 2013 N'000 |
|---|---|
| Purchase of property plant and equipment | **22,905** |

The change did not have an impact on OCI for the period.

## 28 Segment Reporting

The company operates as a single reporting segment and information on these financial statements have been reported for the Company as a whole.

## 29 Going concern

The company recorded a net loss for the year ended 31 December 2014 of N259.65 million (2013: N278.49 million net profit) and, as at that date, the total liabilities exceeded the total assets by N204.70 million (2013: N54.95 million net assets). The company continues to incur losses. Profitability may return in later years but the possibility is dependent on higher revenue targets being met and gross margin of not less than 30% over the next 3 years.

The financial outlook presents some challenges in terms of sales volume, pricing and operating cost. These conditions may indicate the existence of a material uncertainty over future trading results and cash flow which may cast significant doubt on the Company's ability to continue as a going concern and as such may be unable to realise its assets or discharge its liabilities in the ordinary course of business. However, the Directors have developed several initiatives that aim to return the Company to profitability and improved liquidity. Some of these initiatives include continuously working on winning new contracts with higher margins, achieving better gross margins on existing projects through continued cost optimization and improved methods of project management as well as optimising the capital structure of the company with the intention of converting debts due to Biswal Limited and R28 Limited to equity.

In addition, as part of the effort to secure its alternative source of funding, the company has also received a letter of support from a related company, Biswal Limited, undertaking and confirming that it will continue to provide and maintain such financial support and assistance as may be needed to enable the business activities of the Company to continue to be conducted as a going concern and to satisfy the debts and obligations of the Company as they respectively become due for settlement.

Having considered the uncertainty described above, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors will continue to adopt the going concern basis of accounting in preparing the annual financial statements. This basis presumes that the company will continue to receive the financial support of Biswal Limited and will realise its assets and discharge its liabilities in the ordinary course of business.

## 30 Information relating to employees

The average number of persons employed by the company during the financial year was as follows

| | 2014 Number | 2013 Number |
|---|---|---|
| Management | 14 | 10 |
| Construction | 314 | 240 |
| Administrative staff | 17 | 20 |
| | **345** | **270** |

Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in the following ranges;

| **Naira** | 2014 Number | 2013 Number |
|---|---|---|
| 130,001 - 150,000 | - | - |
| 150,001 - 200,000 | - | - |
| 200,001 - 350,000 | - | 63 |
| 350,001 - 400,000 | 119 | 25 |
| 400,001 - 420,000 | 1 | 2 |
| 420,001 - 500,000 | 20 | 12 |
| 500,001 - 600,000 | 56 | 45 |
| 600,001 - 650,000 | 12 | 9 |
| 650,001 - 750,000 | 17 | 16 |
| 750,001 - 1,200,000 | 50 | 46 |
| 1,200,001 - 2,000,000 | 32 | 26 |
| 2,000,001 - 2,600,000 | 20 | 17 |
| 2,600,001 - 3,500,000 | 11 | 9 |
| 3,500,001 - 4,500,000 | 2 | - |
| 4,500,001 and Above | 5 | - |
| | **345** | **270** |

| **Directors mix** | 2014 Number | 2013 Number |
|---|---|---|
| Executive | 2 | 2 |
| Non-Executive | 5 | 5 |
| | **7** | **7** |

## 31 Contingent Liabilities

In the opinion of the directors, there were no contingent liabilities as at 31 December 2014 (2013: Nil).

## 32 Capital Commitment

In the opinion of the directors, there were no capital commitments at 31 December 2014 (2013: Nil).

## 33 Events After The Reporting Period

No events or transactions have occurred since the end of the reporting period, 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 to make them not misleading as to the financial position or results of operations.

# STATEMENT OF **VALUE ADDED**

FOR THE YEAR ENDED DECEMBER 31, 2014

| | 2014 N'000 | % | 2013 | % N'000 |
|---|---|---|---|---|
| **REVENUE** | 3,717,604 | | 3,350,612 | |
| Bought in material and services | (3,558,715) | | (2,703,261) | |
| | 158,889 | | 647,351 | |
| Other operating income | 42,390 | | 8,054 | |
| **VALUE ADDED** | **201,279** | **100** | **655,405** | **100** |
| Applied as follows: | | | | |
| To Pay Employees: | | | | |
| Salaries and wages | 224,514 | **111.5** | 195,200 | **29.8** |
| To pay provider of funds: | | | | |
| Finance cost | - | **-** | 2,066 | **0.3** |
| To Pay Government: | | | | |
| Taxation | 7,346 | **3.7** | 34,215 | **5.2** |
| To Provide for Growth and Maintenance: | | | | |
| Depreciation on property, plant & equipment | 226,402 | **112.5** | 158,220 | **24.2** |
| Amortisation of intangible asset | 2,662 | **1.3** | 2,286 | **0.3** |
| Deferred taxation | - | **-** | (15,075) | **(2.3)** |
| Retained Profit/(Loss) | (259,645) | **(129.0)** | 278,493 | **42.5** |
| | **201,279** | **100.0** | **655,405** | **100.0** |

Value added represents the wealth which the Company has been able to create by its own and its employee's efforts. This statement shows the allocation of that wealth among employees, capital providers, government and that retained for future creation of wealth.

# FINANCIAL **SUMMARY**

| | <---------- IFRS ----------> | | | | **Local GAAP** |
|---|---|---|---|---|---|
| | **2014 N'000** | **2013 N'000** | **2012 N'000** | **2011 N'000** | **2010 N'000** |
| **ASSETS** | | | | | |
| Non-current assets | 1,461,900 | 1,231,121 | 1,095,446 | 907,333 | 788,613 |
| Current assets | 2,988,867 | 1,270,607 | 1,458,447 | 778,669 | 917,567 |
| **Total assets** | **4,450,767** | **2,501,728** | **2,553,893** | **1,686,002** | **1,706,180** |
| **EQUITY AND LIABILITIES** | | | | | |
| Share capital | 74,250 | 74,250 | 74,250 | 74,250 | 74,250 |
| Share premium | 141,184 | 141,184 | 141,184 | 141,184 | 141,184 |
| Asset revaluation surplus | 861,934 | 861,934 | 861,934 | 861,934 | 861,934 |
| Retained earnings | (1,282,068) | (1,022,423) | (1,300,916) | (1,127,999) | (888,447) |
| **Total equity** | **(204,700)** | **54,945** | **(223,548)** | **(50,631)** | **188,921** |
| **LIABILITIES** | | | | | |
| Non-current liabilities | 2,115,217 | 69,530 | 913,656 | 889,935 | 1,517,259 |
| Current liabilities | 2,540,250 | 2,377,253 | 1,863,785 | 846,698 | - |
| **Total liabilities** | **4,655,467** | **2,446,783** | **2,777,441** | **1,736,633** | **1,517,259** |
| **Total equity and liabilities** | **4,450,767** | **2,501,728** | **2,553,893** | **1,686,002** | **1,706,180** |
| **Revenue** | **3,717,604** | **3,350,612** | **1,865,198** | **906,438** | **841,042** |
| Operating (loss)/profit | (252,803) | 295,914 | (20,365) | (52,116) | (58,216) |
| (Loss)/profit before tax | (252,299) | 297,633 | (37,579) | (59,888) | (107,990) |
| Income tax expense | (9,278) | (19,140) | (10,726) | (36,436) | 0 |
| (Loss)/profit for the year | (259,645) | 278,493 | (48,305) | (96,324) | (107,990) |
| Total comprehensive (loss)/income for the year, net of tax | (259,645) | 278,493 | (172,917) | (101,841) | (107,990) |
| Basic (loss)/earnings per share (Naira) | (1.75) | 1.88 | (1.16) | (0.69) | (0.73) |

Other than reclassification adjustments, there were no significant re-measurement adjustments that would have been required to make 2010 figures, reported under local GAAP, comply with IFRS.

# SHARE **HISTORY**

| DATE | AUTHORISED | | ISSUED AND FULLY PAID | | CONSIDERATION |
|---|---|---|---|---|---|
| | INCREASE N | CUMULATIVE N | INCREASE N | CUMULATIVE N | |
| 19/6/58 | 40,000 | 40,000 | 40,000 | 40,000 | Cash |
| 11/03/1971 | 360,000 | 400,000 | - | 40,000 | |
| 21/6/72 | - | 400,000 | 200,000 | 240,000 | Scrip |
| 29/6/73 | - | 400,000 | 160,000 | 400,000 | Scrip |
| 19/4/77 | 1,600,000 | 2,000,000 | 600,000 | 1,000,000 | Scrip |
| 06/09/1979 | - | 2,000,000 | 500,000 | 1,500,000 | Cash |
| 16/12/80 | 2,500,000 | 4,500,000 | 300,000 | 1,800,000 | Scrip |
| 12/01/1992 | - | 4,500,000 | 450,000 | 2,250,000 | Scrip |
| 12/12/1995 | - | 4,500,000 | 2,250,000 | 4,500,000 | Scrip |
| 24/9/98 | 15,500,000 | 20,000,000 | 2,250,000 | 6,750,000 | Scrip |
| 28/3/2000 | 30,000,000 | 50,000,000 | 38,250,000 | 45,000,000 | Scrip |
| 31/7/2001 | 25,000,000 | 75,000,000 | 29,250,000 | 74,250,000 | Scrip |

# PROXY FORM

arbico
Since 1958

## ANNUAL GENERAL MEETING OF ARBICO PLC

TO BE HELD ON TUESDAY, 27 OCTOBER 2015
PLOT D, BLOCK 7, INDUSTRIAL CRESCENT, ILUPEJU, LAGOS AT 11.00AM

I/We* _____

of _____
being a member/members of ARBICO PLC
hereby appoint**

_____

of _____
or failing him/her the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 27thth Octoberl 2015 and at any adjournment thereof.

Dated this _____ day of _____ 2015

Shareholder's Signature _____

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| 1. To receive the Financial Statement for the year ended 31 December 2014 and the reports of the Directors, Audit Committee and Auditors thereon; | | |
| 2. To re-elect Otunba (Engr) Ositade Aromolate<br>To re-elect Aiyeola Afolabi<br>To re-elect Mr Adebisi Adebutu | | |
| 3. To re-appoint the Auditors | | |
| **SPECIAL BUSINESS** | | |
| 4. To elect members of the Audit Committee | | |
| ***Please indicate with "X" in the appropriate space above how you wish your votes to be cast on the Resolutions set above.*** *Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.* | | |

**NOTE**

I. A Member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy instead of him/her. All proxy forms should be deposited at the Company Secretary's office not later than 48 hours before the time of holding of the meeting.

ii. In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

iii. If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized

iv. Provision has been made on this form for the Chairman of the Company to act as proxy. But if you wish, you may insert in the blank space on the form (marked**) the name of any person weather a Member of the Company or not. who will attend the meeting and vote on your behalf instead of the Chairman.

v. The proxy must produce the Admission Slip with the notice of Meeting to obtain entrance to the meeting.

**RE-ELECTION OF DIRECTORS**
In accordance with the Company's Articles of Association, *Otunba (Engr) Ositade Aromolate, Mr Afolabi Aiyeola and Mr Adebisi Adebutu* retire by rotation and being eligible offer themselves for re-election.

**ADMISSION SLIP**

***Before posting the above form, please tear off and return this part for admission to the meeting***

Please admit _____ to the Annual General Meeting of

**ARBICO PLC** which will hold at Plot D, Block 7, Industrial Crescent Ilupeju.

Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

**Olaniwun Ajayi LP**
(Secretaries)

The Adunola | Plot L2, 401 close Banana Island Ikoyi, Lagos

Name & Address of Shareholders _____

# E-DIVIDEND
# MANDATE FORM

**Mandate Form for E-Dividend Payment**

**To:**
**Cardinal Stone (Registers) Limited**
**358 Herbert Macaulay Way**
**Yaba Lagos**

**Tel: 01 279 3030**

I/We hereby request that from now on, all dividends due or which may be due to me/us from my/our holding in Arbico Plc., be paid directly to my/our Bank Account named below:

Surname/Company's Name: _____

Other Names (for Individual Shareholders): _____

Current Postal Address: _____

E-mail Address: _____

Mobile No(s): _____

Name of Bank: _____

Bank Branch: _____

Bank Branch Address: _____

Bank Account Number: _____

Bank Sort Code: _____

Shareholder's Right Signature or Thumbprint

**Corporate Shareholder:**

Authorized Signature(s)

Company Seal/Incorporation Number (Corporate Shareholder)

BANK AUTHORISED SIGNATURE AND BANK STAMP

**PLEASE COMPLETE AND RETURN TO THE REGISTRARS**

**ARBICO PLC**
Plot D, Block 7,
Industrial Crescent
Ilupeju, Lagos
Nigeria

**T:** +234 1 793 7182
**E:** info@arbicong.com
**www.arbicong.com**