arbico®
Since 1958

2018 ANNUAL REPORT & FINANCIAL STATEMENTS

our vision

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

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.

contents

THE REPORT

FINANCIAL STATEMENTS

result at a glance

	The Group		The Company	
	2018 ₦'000	**2017 ₦'000**	**2018 ₦'000**	**2017 ₦'000**
Revenue	4,171,470	4,891,912	4,171,470	4,891,912
(Loss)/ Profit before tax	(802,606)	107,178	(698,498)	107,178
(Loss)/ Profit after tax	(1,077,779)	61,661	(973,671)	61,661
Earnings per share(kobo)	(7.25)	0.42	(6.56)	0.42
Dividend per share(kobo)	Nil	Nil	Nil	Nil

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ARBICO Plc will hold on the 26th August 2019 at Plot D, Block 7, Industrial Crescent, Ilupeju, Lagos at 11:00 a.m. to transact the following businesses:

AGENDA:

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

Ordinary Resolution No. 1: Presentation of Audited Financial Statement:

a. To receive the Financial Statement for the year ended 31 December 2018, together with the reports of the Directors, Audit Committee and Auditors thereon;

Ordinary Resolution No. 2: Retirement and Re-election/Appointment of Directors:

b. 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 Articles of Association and the Companies and Allied Matters Act (CAMA);

Ordinary Resolution No. 3: Appointment of the Members of the Audit Committee:

c. To elect members of the Audit Committee of the Company.

Ordinary Resolution No. 4: Appointment and fixing of remuneration for the Auditors

d. To re-appoint as external Auditors of the Company, the firm of Ernst & Young and to authorize the directors to fix the fees of the external auditors.

Ordinary Resolution No. 5: Approval of director's appointment:

e. To approve the appointment of Mr. Fidelis Ajayi as director of the Company.

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

f. To approve the remunerations of the directors

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 purpose of the Meeting, it must be completed, stamped and deposited to the Company Secretary, Olaniwun Ajayi LP, at The Adunola, Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, not less than 48 hours prior to the time of the meeting.

AUDIT COMMITTEE: As stipulated by *Section 359(5) of the Companies 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.

SHAREHOLDERS' QUESTIONS: As stipulated in the Exchange rules, securities' holders reserve the right to ask questions not only at the meeting, but also in writing at least a week before the meeting.

By Order of the Board

Dated this 4th Day of August 2019

OLANIWUN AJAYI LP

Company Secretary

FRC/2013/00000000001615

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Plot D, Block 7, Industrial Crescent, Ilupeju, Lagos
t: +234 1 793 7182, +234 1 295 0547
e: info@arbico.ng | **www.arbico.ng**

Corporate Information

Directors		
Chief Kesington Adebutu	Nigerian	Chairman
Mr. Alkimos Makaronidis	Greek	Managing Director
Elder N.C.U. Okoro	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

Company Secretary
Olaniwun Ajayi LP
The Adunola
Plot L2, 401 Close
Banana Island
Ikoyi,
Lagos

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

Auditors
Ernst & Young
10th & 13th Floor, UBA House
57, marina Lagos Nigeria
P.O. Box 2442 Marina, Lagos

Principal Bankers
Access Bank Plc
Diamond Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Guaranty Trust Bank Plc
Heritage Bank Limited
New Prudential Mortgage Bank Limited
Polaris Bank Limited
Sterling Bank Plc Union Bank Plc
United Bank for Africa Plc
Wema Bank Plc
Zenith International Bank

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen,

On behalf of the Board of Directors, I welcome you all to the 41st Annual General Meeting of Arbico Plc and to present to you, the company's Annual Report and Financial Statements for the year ended December 31, 2018.

Before unveiling the details of the company performance in 2018, permit me to present an overview of the business 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.

Business Environment

The country recently held national elections in March 2019, its sixth consecutive time since the return to democracy in 1999. The incumbent president, Muhammadu Buhari won the elections and was sworn in for a second term on May 29, 2019. He reiterated that fighting corruption, increasing security, tackling unemployment, diversifying the economy, enhancing climate change policies as well as improving the living standards of Nigerians will continue to be the main policy thrust of his government. This is particularly noteworthy considering the fragile state of the economy largely made worse by the crude oil price shock of 2014which amongst other factors may have driven the economy into recession in 2016.

The onset of the oil price shock in mid-2014 confronted the government with the pivotal challenge of building an institutional and policy framework capable of managing the volatility of the oil sector and supporting the sustained growth of the non-oil economy. Since 2017 economic growth has been sluggish and characterised by lacklustre recovery. The 2017 growth rate of 0.8% was driven mainly by the oil sector. In 2018, the year in review, the economic growth rate of 1.9% was more broad-based with the non-oil economy being the main driver of growth - particularly information and communications technology, construction, mining, quarrying, and manufacturing; however, it still fell below the population growth rate, government projections and pre-recession levels. The oil and gas sector reverted to contraction from the second quarter of the year,agriculture slowed down significantly due to conflict and weather events and construction activities was reduced, due partly to fiscal challenges, clashes between farmers and herders coupled with flooding in key middle-belt regions and continued insurgency in the northeast.

Future economic outlook is largely dependent on the pace of implementation of the Economic Recovery and Growth Plan (ERGP 2017-2020), which could immediately promote

needed economic resilience and can be expected to strengthen growth further than current projections. Economic growth is projected to grow by 2.3% in 2019 and 2.4% in 2020. The oil sector is likely to stagnate in the face of regulatory uncertainties, limiting investments in the sector and output cut imposed by OPEC. Agriculture may remain affected by conflicts and climate and weather events; and the non-oil sector will likely continue to struggle in the face of sluggish demand, a constrained private sector credit growth and unaddressed fiscal

challenges. Therefore, the country will in the medium term continue to face enormous developmental challenges, which include the need to reduce the dependency on oil and diversify the economy, address insufficient infrastructure, and build strong and effective institutions, as well as governance issues and public financial management systems.

Our Performance

Your company was not isolated from the difficult business environment. Despite the unfriendly business operating environment and stiffer competition for the fewer available projects in the market, Arbico Plc was still successful in acquiring several new projectstowards the end of the year which projects highly positive outlook for the coming year and still maintained good relationships with established clients.

Your Company recorded a marginal decreaseof 15% in Turnover (N4.17bn). This was due to aforementioned macroeconomic conditions. More so, there was a drop in cost of sales by 18% which shows effectiveness in direct cost management despite harsh economic conditions. There was a total contribution of N776m which increased by 4.8% when compared with the previous year figure. Although, the company recorded a huge loss after tax and this was due to application of International Financial Reporting Standards expected to be adopted in 2018 as required by regulatory authorities.

The underlying strengths and capabilities of our people behind the company’s in cost management and contracts generation are not reflected in the financial figures because numbers do not tell the full story.

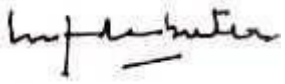
Our employees are highly respected for their admirable resilience and flexibility in adapting to new challenges and opportunities in the highly competitive market place. They focus on meeting customer’s expectation and in the process deliver excellent results even in the tough economic situations. Given the low operating margins in the highly competitive and regulated industry in which we operate, we cannot afford to pay exceptionally high salaries. So, financial gain is not the main motivator of our people, neither are they driven by tough orders coming from top management. The Company's success is primarily due to total staff

dedication and there are many examples of employees rising above and beyond the call of duty to meet an important commitment and compliance with regulatory requirements. They do this voluntarily because they see Arbico as their Company. They are the reason for our success. I give it to the employees for their relentless efforts towards the achievement of the corporate goal.

Conclusion

Business success cannot be achieved without apt response from supportive Board of Directors. Hence, I cannot end without extending my sincere thanks to my colleagues on the Board for their wise guidance and support in successfully steering the Corporate ship through both calm and stormy waters of the just concluded year. I will also like to commend the collective efforts of both management and all employees of our 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 a desirable impact in the immediate future. And, of course, I am grateful to you, our faithful shareholders, for your continuing confidence in our Company.



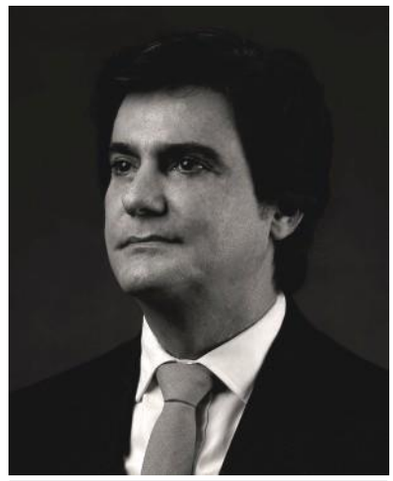
Thank You.

Sir Kesington Adebutu

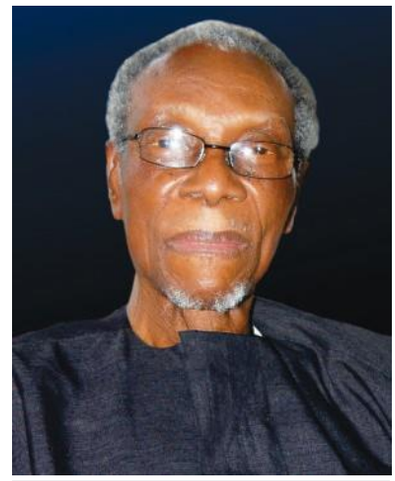
Chairman, Board of Directors

Board of Directors

Sir. Kesington A. Adebutu
Chairman, Board of Director



Alkimos Makaronidis
Managing Director



Elder N.C.U. Okoro
Director

Adebisi Adebutu
Director

Afolabi Aiyeola
Director

Eyo Asuquo
Director

Health, Safety & Environment (HSE) Report

Occupational Health and Safety (OHS) Management exist throughout our organization to the degree necessary to ensure that the acceptance and performance criteria of our services are continuously met.

In 2018, we adopted a policy thrust of Zero Loss Time Injury (LTI) philosophy with respect to Health, Safety and Environment. We continually work to reduce risks and hazards to the environment and the employees' health and safety.

All our employees are required to use the time necessary to plan and perform tasks safely and efficiently.

Our health, safety and environment Policy is supported by a system for continuous improvement, which sweeps across every facet of the company business.

All employees understand and conform to the continuing commitment to Quality, Health, Safety and Environment.

Alkimos Makaronidis
Managing Director

A member of the BRITISH SAFETY COUNCIL

OHSAS 18001 CERTIFIED PECB

ISO 9001 CERTIFIED PECB

REPORT ON RISK MANAGEMENT

The common sources of risks in construction industry are well known to the management and it is our culture to take precautionary measures before the occurrence of the risk so as to drastically mitigate such risk.

The group put value in ensuring that employees, both new and old continually go on risk management training. A lot of effort has been placed to ensure risk awareness program is organized from time to time for all members of staff at all levels emphasizing the major sources of risk such as:

- Changes in project scope
- 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 risk affecting the project and documentation of characteristics of each risk 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:

Technical Risk is simply the risk associated directly with the knowledge base being employed and its technical aspects including such things as:

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

LOGISTIC RISKS:

This is the risk associated with the movement of construction materials and other equipment's needed at various site:

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

MANAGEMENT RELATED RISKS:

Management risk is the risk associated with ineffective, destructive or underperforming management.

- Uncertain productivity of resources
- Industrial relations problems

ENVIRONMENTAL RISKS:

Environmental Risk can be defined as the "actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities can be defined as the "actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities.

- Weather and seasonal implications
- Natural disasters

FINANCIAL RISKS:

Financial risk is the type of specific risk that encompasses the many types of risk related to a company's capital structure, financing and the finance industry. These include risks involving financial transactions, such as company loans and exposure to loan default.

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

Alkimos Makaronidis
Managing Director

Complainant Management Policy

A complaint is any expression of dissatisfaction, whether justified or not, about any aspect of Arbico Plc actions or service from any person or organization who has a legitimate interest in Arbico Plc. We view complaints as an opportunity to learn and improve for the future, as well as a chance to put things right

Our policy is:

- To provide a fair complaints procedure which is clear and easy to use for anyone wishing to make a complaint
- To publicize the existence of our complaints procedure so that people know how to contact us to make a complaint
- To make sure everyone within the organization knows what to do if a complaint is received
- To make sure all complaints are investigated fairly and in a timely way
- To make sure that complaints are, wherever possible, resolved and that relationships are repaired
- To gather information which helps us to improve what we do

Alkimos Makaronidis
Managing Director

Medium of complaints

A complaint can be received verbally, by phone, by email or in writing. Written complaints may be sent to Arbico PLc, Plot D Block 7 Industrial crescent Ilupeju Lagos or bye-mail at **info@arbico.ng.**

This policy is also available on the company website **www.arbico.ng.** This policy does not cover complaints from staff, who should use the company Discipline and Grievance policies.

Confidentiality

All complaint information will be handled sensitively, telling only those who need to know and following any relevant data protection requirements.

Responsibility & Review

Overall responsibility for this policy and its implementation lies with the Managing Director. This policy is reviewed regularly and updated as required.

Insider Trading & Confidentiality Policy

As a public company, Arbico Pic is subject to various federal and state laws and regulations governing trading in its securities. It is the policy of Arbio Pic (the "Company) to comply fully, and to assist its employees in complying fully, with these laws and regulations.

This Policy applies to all members of the Company's Board of Directors, director emeriti and employees, as well as members of such persons' immediate families and households. All references in this policy to employees of the company should be read to include all such persons listed in the preceding sentence.

The Company depends upon the conduct and diligence of its employees, in both their professional and personal capacities, to ensure full compliance with this Policy. This Policy provides procedures and guidelines with respect to transactions in the Company's securities, the protection of material, non-public information and the standard of conduct expected of the Company's employees in this highly sensitive area. It is the personal obligation and responsibility of each employee to act in a manner consistent with this Policy.

Security and Exchange Regulations: The Nigerian Investment and Securities Act of 2007, as amended prohibits and makes it unlawful for any person to make false statements or omit to state material facts in connection with the purchase or sale of any security. There are no limits on the size of a transaction that will trigger insider trading liability.

POLICIES REGARDING TRANSACTIONS IN THE COMPANY'S SECURITIES

The following policies apply to all transactions, direct or indirect, in all of the Company's securities.

Prohibitions for All Employees:

No Trading on Material, Non-Public Information. No employee who is aware of any material, non-public information concerning the Company or a third-party with whom the Company does business, shall engage in any transaction in the Company's or such third-party's securities, including any offer to purchase or sell, during any period commending with the date that he or she obtains.

Such material, non-public information and ending at the beginning of the date of public disclosure of that information. After termination of employment, any employee who is in possession of material, non-public information is prohibited from trading in Company securities until that information has become public or is no longer material.

No Tipping. No employee shall disclose ("tip") material, non-public information to any other person where such information may be used by such person to his or her benefit by trading in the securities of the. company to which such information relates, nor shall an employee make any recommendations or express any opinions as to trading in the Company's securities to any other person on the basis of material, non-public information.

No Short Sales. No employee shall engage in the short sale of the Company's securities. A short sale is a sale of securities not owned by the seller or, if owned, not delivered against such sale within twenty (20) days thereafter (a "short against the box"). Short sales of the Company's securities evidence an expectation on

the part of the seller that the securities will decline in value, and, therefore, signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance.

No Investments in Derivatives of the Company's Securities. No employee shall invest in Company-based derivative securities. "Derivative Securities" are options, warrants, stock appreciation rights or similar rights whose value is derived from the value of an equity security, such as the Company's common stock. This prohibition includes, but is not limited to, trading in Company-based put or call option contracts, trading in straddles and the like. However, holding and exercising stock options, restricted stock units or other derivative securities granted under the Company's equity compensation plans is not prohibited by this Policy.

No Margin Purchases. No employee shall purchase the Company's securities on margin. This means such persons are prohibited from borrowing from a brokerage firm, bank or other entity in order to purchase the Company's securities.

POLICIES REGARDING THE USE, DISCLOSURE AND PROTECTION OF MATERIAL, NON-PUBLIC INFORMATION

All employees of the Company have ethical and legal responsibilities to maintain the confidentiality of material, non-public information.

Use and Disclosure of Material, Non-Public Information.

As explained previously, under no circumstances may an employee use material, non- public information about the Company for his or her personal benefit. Moreover, except as specifically authorized or in the performance of regular corporate duties, under no circumstances may an employee release to others information that might affect the Company's securities. Therefore, it is important that an employee not disclose material, non-public information to anyone, including other employee of the company, unless the other employee need to know such information in order to fulfil his or her job responsibility. Under no other circumstances should such information be disclosed to anyone, including family, relatives or business or social acquaintances, in maintaining the confidential of the information, the individual in possession of such information shall not affirm or deny statement made by others, either directly or through electronic means, if such affirmation or denial would result in the disclose of the material, non- public information.

If an employee has any doubt about whether certain information is non-public or material, such doubt should be resolved in favour of not communicating such information or trading without discussing with the assigned compliance officer or raising in-house counsel. Questions concerning what is or is not material, non-public information should be directed to the Company's Secretary.

Material, Non-PublicInformation Regarding Other Companies.

In the ordinary course of doing business, employees may come into possession of material, non-public information with respect to other companies. An individual receiving material, non-public information in such a manner has the same duty not to disclose the information to others or to use that information in connection with securities transactions of such other company as such individual has with respect to material, non-public information about the Company.

If the Company is in the process of negotiating a significant transaction with another company, employees are cautioned not to trade in the stock of that. company if they are in possession of material, non-public information concerning such company.

If an employee is not certain whether it is permissible to trade in the stock of such company, the employee should contact the Company's Legal Department before making any trades.

Unauthorized Disclosure of Internal Information.
Unauthorized disclosure of internal information about the Company may create serious problems for the Company whether or not the information is used to facilitate improper trading in securities of the Company. Therefore, it shall be the duty of each person employed or affiliated with the Company to maintain the confidentiality of information relating to the Company or obtained through a relationship of confidence. Company personnel should not discuss internal Company matters or developments with anyone outside the Company, except in the performance of regular corporate duties.

Precautions to Prevent Misuse or Unauthorized Disclosure of Sensitive Information.
When an employee is involved in a matter or transaction which is sensitive and, if disclosed, could reasonably be expected to have an effect on the market price of the securities of the Company or any other company involved in the transaction, that individual should consider taking extraordinary precautions to prevent misuse or unauthorized disclosure of such information. Such measures include the following:

1. Maintaining files securely and avoiding storing information on computer systems that can be accessed by other individuals;
2. Avoiding the discussion of confidential matters in areas where the conversation could possibly be overheard;
3. Not gossiping about Company affairs; and
4. Restricting the copying and distribution of sensitive documents within the Company.

Internet. Any written or verbal statement that would be prohibited under the law or under this Policy is equally prohibited if made on the Internet or by social media

Inadvertent Disclosure of Material, Non-Public Information.
If material, non-public information regarding the Company is inadvertently disclosed, no matter what the circumstances, by any employee, the person making or discovering that disclosure should immediately report the facts to the Company Secretary.

Inquiries Regarding Material, Non-public Information.
When an inquiry. is received regarding information that may be material, it should be referred, without comment, to the Company's Secretary.

Statement of Compliance
We would like to report that in accordance with the listing rules, directors and parties concerned complied in full with the Insider Trading and Confidentiality Policy.

Reporting of Violations
Any person who believes that a violation of this policy has taken place shall report such violation promptly to the company secretary.

Any questions concerning this Policy should be addressed to the Company Secretary.

This policy is also available on the company website www.arbico.ng

Alkimos Makaronidis
Managing Director

Corporate Social Responsibility Report

At Arbico Plc, corporate social responsibility is an integral part of our corporate culture. Our aim is to be better than the best at improving the environment and to contribute to the development of the societies we operate in. During 2018, Arbico Pic, focused on enhancing the immediate environment and the society at large through the following initiatives:

- Build the future Programme
- Graduate Trainee/ Apprenticeship Programme

Build the future Programme

We are committed to creating an enabling environment for young students in Nigeria, Arbico PLC commissioned a Corporate Social Responsibility (CSR) project to refurbish the dilapidating school building of Ilupeju Senior Grammar School, at Town-Planning Way, Oshodi, Lagos.

Alkimos Makaronidis
Managing Director

The project, which was part of our #BuildTheFuture CSR Initiative for the year 2018, involved an entire repainting of the 3-Storey School Building and generator house.

We understand that the average Nigerian student spends about 900hours per year in school. Our aim was to create an appealing learning space for young students living within Ilupeju and neighbouring communities.

Graduate Trainee/ Apprenticeship Programme

At the core of our operations, we have always been about impacting our stakeholders positively. Arbico PLC continues to create opportunities for young artisans/professionals through our apprenticeship and graduate trainee programmes, while also empowering the community in which we do business. Our commitment to our employees, shareholders and customers remains unwavering.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Report of the Directors
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in submitting to the members of Arbico Plc (the Company) their annual report on the affairs of the Company and its subsidiary company (together referred to as "the Group") with the consolidated and separate audited financial statements for the year ended 31 December 2018.

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.

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.

SUBSIDIARY

Arbico FZE

Arbico FZE is into building constructions of non-plant and balance buildings for Dangote Oil Refinery projects site. The company was incorporated in April 2018 and commenced operations in April 2018. Arbico Plc owns 99% of the Arbico FZE while the remaining one 1% is owned by Mr. Adebisi Adebutu.

The revenue for the year ended 31 December 2018 decreased to N4.17billion (14.7%) from N4.89 billion in the year ended 31 December 2017.

RESULTS FOR THE YEAR

Comparative highlights of the operational results of the Group for the years ended 31 December 2018 and 2017 are as stated in the table below.

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Revenue	4,171,470	4,891,912	4,171,470	4,891,912
Operating (loss)/ profit	(807,215)	106,839	(703,107)	106,839
(Loss)/ Profit before tax	(802,606)	107,178	(698,498)	107,178
(Loss)/ Profit for the year	(1,077,779)	61,661	(973,671)	61,661
Total comprehensive (loss) /income for the year, net of tax	(1,007,779)	61,661	(973,671)	61,661

DIVIDENDS

The directors do not recommend payment of dividend for the year ended 31 December 2018. (December 2017: Nil).

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		Director
Mr. Afolabi Aiyeola		Director
Mr. Adebisi Adebutu		Director
Mr. Eyo Asuquo		Director

DIRECTORS' INTEREST

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

Name of Directors	Status of appointment	Company Represented	31st Dec. 2018 Number of shares	31st Dec. 2017 Number of shares
Elder N.C.U Okoro	DIRECT	N/A	107,360	107,360
Chief Kesington Adebutu	INDIRECT	R28 LIMITED	N/A	N/A
Mr. Alkimos Makaronidis	INDIRECT	R28 LIMITED	N/A	N/A
Mr. Afolabi Aiyeola	INDIRECT	R28 LIMITED	N/A	N/A
Mr. Adebisi Adebutu	INDIRECT	R28 LIMITED	N/A	N/A
Mr. Eyo Asuquo	INDIRECT	R28 LIMITED	N/A	N/A

SIGNIFICANT CHANGES IN PROPERTY, PLANT AND EQUIPMENT

No significant change apart from normal additions and disposals in the ordinary course of business as shown in Note 15.

SUBSTANTIAL SHARE HOLDING

As at 31 December 2018, the following held 5% or more of the issued capital of the Company:

	2018		2017	
	Unit	%	Unit	%
R28 Limited	103,900,000	69.97	103,900,000	69.97
A.O.G Limited	14,850,000	10.00	14,850,000	10.00
Nigerians	29,750,000	20.03	29,750,000	20.03
	148,500,000	**100.00**	**148,500,000**	**100.00**

FREE FLOAT REPORT

	2018		2017	
	Unit	%	Unit	%
Strategic shareholder	118,750,000	79.97	118,750,000	79.97
Director direct shareholding	107,360	0.07	107,360	0.07
Free Float	29,642,640	19.96	29,642,640	19.96
	148,500,000	**100.00**	**148,500,000**	**100.00**

During the year ended 31 December 2018, there are no other individual that holds 5% and above other than those indicated above. None of the Directors represents the interest of AOG Limited on the Board of Arbico Plc in the period ended 31 December 2018.

Celebrating 60 Years in Construction

ARBICO PLC
REGISTER RANGE ANALYSIS AS AT DECEMBER 31, 2018

RANGE		NO. OF HOLDERS	% HOLDINGS	HOLDINGS	% HOLDERS
1	500	485	38.49	131,206	0.09
501	5,000	560	44.44	1,232,440	0.83
5,001	10,000	79	6.27	671,958	0.45
10,001	15,000	21	1.67	251,714	0.17
15,001	20,000	20	1.59	371,386	0.25
20,001	25,000	10	0.79	240,358	0.16
25,001	30,000	13	1.03	360,144	0.24
30,001	35,000	6	0.48	194,792	0.13
35,001	40,000	5	0.40	191,262	0.13
40,001	148,500,000	61	4.84	144,854,740	97.55
GRAND-TOTAL		**1,260**	**100.00**	**148,500,000**	**100.00**

EMPLOYMENT AND EMPLOYEES

Employment of physically challenged Persons

It is the Group□s policy that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. No disabled person was in the employment of the Group as at 31 December 2018.

Health, safety and welfare

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

Training

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

EVENTS AFTER THE REPORTING DATE

As stated in Note 35, the Directors are not aware of any matters of circumstances arising since the end of the reporting period, not otherwise dealt with in the annual financial statements which significantly affect the financial position of the Company or the results of its operations.

CHARITABLE CONTRIBUTIONS

The Group donated the sum of ₦5,000,000 to Lagos Polo Club for sponsorship of Lagos Polo Club tournament, ₦50,000 to Institute of Quantity surveyor (Lagos Chapter) and ₦250,000 to Kings College Old Boys Association 1986, making a total donations of N5,300,000 during the year under review (2017: N1,500,000).

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

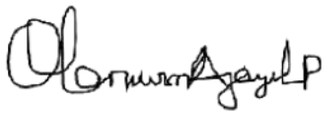
FORMAT OF FINANCIAL STATEMENTS

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), the 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 Act of Nigeria, No 6, 2011. The directors consider that the format adopted is the most suitable for the Group and Company.

AUDITORS

The auditors, Ernst & Young, having indicated their willingness, will continue in office as the Group's auditors 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



COMPANY SECRETARY
FRC/2013/00000000001615.

29th March 2019

Corporate Governance Report
For The Year Ended 31 December 2018

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.

Overseen by the Board of Directors, corporate governance practices are constantly under review in line with the dynamics of the business environment. The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

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

The group has continued to remain a publicly quoted on the Nigerian Stock Exchange and affirms its commitment to increasing shareholders 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 Group.

COMPOSITION OF THE BOARD

The board comprises of the chairman, three (3) Executive Directors and two (2) Non- Executive Directors. The board carries out its oversight functions using its various Board Committees. This ensures efficiency and allows 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 met quarterly, and additional meetings are convened as required.

BOARD ATTENDANCE REPORT

NAME	DESIGNATION	NUMBER OF MEETINGS	DATES OF MEETINGS			
			28th Mar.	1st June	14th Nov.	10th Dec.
Chief Kesington Adebutu	Chairman	4	P	*P	*P	*P
Mr. Alkimos Makaronidis	Managing	4	P	P	P	P
Elder N.C.U. Okoro	Director	4	P	P	P	P
Mr. Adebisi Adebutu	Director	4	P	P	*P	P
Mr. Afolabi Aiyeola	Director	4	P	P	P	P
Mr. Eyo Asuquo	Director	4	P	P	P	P

* P Attendance was by proxy

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

AUDIT COMMITTEE

The audit committee in line with section 359 (5) of the companies and Allied Matters Act is mandated to examine the auditors' report and make recommendations thereon to the general meeting. The committee consists of 5 members.

MEMBERSHIP OF THE AUDIT COMMITTEE:

Mr. Azubuike Okpalaoka	Chairman
Mr. Eyo Asuquo	Member
Mr. Ademola Olugboyega	Member
Elder Nathaniel C.U. Okoro	Member
Mr. Vitalis Ayiam	Member
Mr. Afolabi Aiyeola	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 MEMBERS ATTENDANCE

NAME	DESIGNATION	NUMBER OF MEETINGS	DATES OF MEETINGS			
			26th Mar.	28th May	9th Nov.	7th Dec.
Mr. Azubuike Okpalaoka	Chairman	4	P	P	P	P
Mr. Eyo Asuquo	Member	4	P	P	P	P
Mr. Ademola Olugboyega	Member	4	P	P	P	P
Elder Nathaniel C.U. Okoro	Member	4	P	P	P	P
Mr. Vitalis Ayiam	Member	4	P	P	P	P
Mr. Afolabi Aiyeola	Member	4	P	P	P	P

GOVERNANCE & REMUNERATION COMMITTEE

The committee which comprises of 3 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.

MEMBERS OF GOVERNANCE & REMUNERATION COMMITTEE:

Elder Nathaniel C.U. Okoro	Chairman
Mr. Adebisi Adebutu	Member
Mr. Alkimos Makaronidis	Member
Secretary to the Committee	Member

REPORT OF THE BOARD GOVERNANCE AND REMUNERATION COMMITTEE MEMBERS ATTENDANCE:

NAME	DESIGNATION	NUMBER OF MEETINGS	DATES OF MEETINGS	
			23rd May	30th Nov.
Elder N.C.U. Okoro	Chairman	2	P	P
Mr. Adebisi Adebutu	Member	2	P	P
Mr. Alkimos Makaronidis	Member	2	P	P

RISK MANAGEMENT COMMITTEE

The committee is made up of 4 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 policy and internal audit.

MEMBERS OF THE COMMITTEE:

Mr. Adebisi Adebutu	Chairman
Elder Nathaniel C.U. Okoro	Member
Mr. Afolabi Aiyeola	Member
Secretary to the Committee	Member

REPORT OF THE BOARD RISK MANAGEMENT COMMITTEE MEMBERS ATTENDANCE

NAME	DESIGNATION	NUMBER OF MEETINGS	DATES OF MEETINGS	
			22nd Feb.	7th June
Mr. Adebisi Adebutu	Chairman	2	P	P
Mr. Elder Nathaniel C.U. Okoro	Member	2	P	P
Mr. Afolabi Aiyeola	Member	2	P	P

Statement of Directors' Responsibilities

IN RELATION TO THE PREPARATION OF THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 require the Directors to prepare consolidated and separate 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 Group 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 consolidated and separate 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 consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and of its performance for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group and 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
Executive Director
FRC/2015/IODN/00000012842

Eyo Asuquo
Director
FRC/2017/CIBN/00000000016193

29th March 2019

Building a better working world

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ARBICO PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Arbico Pic ("the Company") and its subsidiary (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2018, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Arbico Pic as at 31 December 2018 and of their financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No.6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA) and other independence requirements applicable to performing audits of Arbico Pic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Arbico PIc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Determination of provision of expected credit losses on contract assets and trade and other receivables At the reporting date the Group had contract assets of N2.62billion, trade receivables of N2.430billion and intercompany receivables of N184.78million before provisions for impairment of N768.72million on contract assets, N528.98million on trade receivable and N2.85million on intercompany receivables. The construction industry continues to be impacted by certain macroeconomic challenges hence the Group experienced uncertainty over the collectability of contract receivables from customers. An impairment assessment was performed on contract receivables using the expected credit loss to determine the recoverable amount. This led to the recognition of provision of expected losses of N1.30billion during the year. We focused on this area due to the significance of the amount and the complexity of the impairment assessment which involves management judgement on the recoverable amount.	Our internal valuation specialist evaluated the assumptions made by management on the recoverability of the contract receivables. We reviewed the IFRS 9 model prepared by the management for computation of impairment on financial assets in line with the requirements of IFRS 9. We gained an understanding of how the Probability of Default (PD's) and Loss Given Default (LGD's) were derived by the system by performing a walkthrough using live data. For receivables classified under stage 1, we selected material receivables and reviewed the repayment history for possible repayment default. We challenged the various factors considered in classifying the loans within stages 1 and in the measurement of ECL. We focused on the most significant model assumptions including probability of default and loss given default. We performed detailed procedures on the completeness and accuracy of the information used. We used our internal specialist to assess the appropriateness of the models used and to perform an independent recalculation of the impairment provision for the selected portfolios. Other areas of complexities which include incorporating forward looking information such as macro □ economic indicators like inflation, monetary policy rate (MPR), exchange rate, etc. were equally challenged for reasonableness taking into consideration available information in the public domain. We validated material transactions during the year to invoices, payment approvals by the customers to Arbico Plc and other third □ party documents. In assessing the appropriateness of the overall provision for impairment using the expected loss approach, we considered the application of the following: i. grouping of receivables into various customer segments that have the similar patterns of loss (by geography, product type, customer rating, type of collateral etc; ii. customers' historical default rates observed and represented by the customer's abilities to pay all amounts due in accordance with the contractual term; and iii. historical observed default rates were updated and changes in the forward-looking estimates was analysed. From the work we have performed, we consider the level of provisioning to be acceptable.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition from contracts from customers We focused on the recognition of revenue because where long term contract accounting is used, estimates and judgments are made in determining the amount of revenue to be recorded. The Group transited to IFRS 15 which established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized 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. IFRS 15 requires entities to exercise judgement, taking into consideration al of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. As these contracts sometimes span a number of reporting periods, changes in the estimated of total contract costs or the inappropriate recording of costs around the year end could result in material amounts of revenue being recorded in the incorrect period.	We tested revenue recognized under long term contract accounting as follows: • We performed substantive analytical procedures of revenue • We reviewed revenue in line with the provision of IFRS 15. We ensured that; ▪ the entity met the criteria for over time recognition, utilized the appropriate method of measuring progress (□input method□ or □output method□) toward complete satisfaction of that performance obligation and appropriately measured the progress; ▪ validated that the measurement of progress toward complete satisfaction of a performance obligation was applied consistently and accurately across periods and sufficient evidence existed for any changes in estimates (or lack thereof); ▪ ensured that costs were appropriately excluded from the measurement of progress if they were not proportionate to the entity's progress in satisfying the performance obligation, such as inefficiencies, wasted materials, or required re-work; and ensured that the right to invoice practical expedient was appropriately applied, if used. • Performed cut off procedures on contract revenue account by examining how the entity has recorded contract revenue received immediately before the period end and immediately after the period end. • We circularized the debtors and perform other alternative tests including subsequent receipt tests on accounts receivables. • Obtained the ageing analysis of the contract debtors and review the transactions for each debtor in line with the contract agreements. • We carried out certificates validation tests on each receivable and agree all payments to the bank statements. • Receivables was tested for impairment in line with IFRS 9. Appropriate adjustments were made in respect of the expected credit losses. We found no instances of inappropriate revenue recognition.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit Committee, Other National Disclosures i.e. the Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act (CAMA), and the Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our Auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

Responsibilities of the Directors for the Financial Statements

based on the work we have performed on the other information obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, relevant 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.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Group, in so far as it appears from our examination of those books; and

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

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

29th March 2019

Report of the Audit Committee

FOR THE YEAR ENDED 31ST DECEMBER, 2018

We have examined the Auditors' Report for the year ended 31 December 2018 in accordance with the provision of section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

In addition, we have reviewed the Audited Financial Statements of the Group, for the year ended 31 December 2018, and the reports thereon, and hereby state as follows:

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

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 Group'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
Chairman, Audit Committee
FRC /2015/CISN/000000114

29th March 2019

Members of Audit Committee

Mr. Azubuike Okpalaoka	Chairman
Mr. Eyo Asuquo	Member
Mr. Ademola Olugboyega	Member
Elder Nathaniel C.U. Okoro	Member
Mr. Afolabi Aiyeola	Member
Mr. Vitalis Ayiam	Member

Certificate of Account

FOR THE YEAR ENDED DECEMBER 31, 2018

Certification Pursuant to Section 60 (2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2018 that:

a. We have reviewed the report;To the best of our knowledge, the report does not contain:
   - Any untrue statement of a material fact, or
   - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c. We:
   - are responsible for establishing and maintaining internal controls.
   - have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
   - have evaluated the effectiveness of the Company□s internal controls as of date within 90 days prior to the report;
   - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Company and Audit Committee:
   - All significant deficiencies in the design or operation of internal controls which would adversely affect the company□s ability to record, process, summarize and report financial data and have identified for the company□s auditors any material weakness in internal controls, and
   - Any fraud, whether or not material, that involves management or other employees who have significant role in the company□s internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses

Afolabi Aiyeola
Director
FRC/2015/IODN/00000012842

Oluyemi Akinfenwa
Financial Controller
FRC/2012/ICAN/00000000449

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2018

		The Group		The Company	
	Note	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Revenue	8	4,171,470	4,891,912	4,171,470	4,891,912
Cost of sales	9	(3,395,414)	(4,147,982)	(3,354,457)	(4,147,982)
Gross profit		**776,056**	**743,930**	**817,013**	**743,930**
Other operating income	10	47,987	113,245	47,987	113,245
Administrative expenses	11	(1,631,258)	(750,336)	(1,568,105)	(750,336)
Operating (loss)/profit		**(807,215)**	**106,839**	**(703,107)**	**106,839**
Finance income	12	4,609	339	4,609	339
(Loss)/ profit before income tax		**(802,606)**	**107,178**	**(698,498)**	**107,178**
Income tax expense	13	(275,173)	(45,517)	(275,173)	(45,517)
(Loss)/ profit for the year		**(1,077,779)**	**61,661**	**(973,671)**	**61,661**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax): Other comprehensive income/ (loss), net of tax		**-**	**-**	**-**	**-**
Total comprehensive (loss)/ income for the year, net of tax		**(1,077,779)**	**61,661**	**(973,671)**	**61,661**
(Loss)/ profit for the year attributable to:					
Ordinary equity holders of the parent		(1,076,738)	61,661	(973,671)	61,661
Non-controlling interest		(1,041)	-	-	-
		(1,077,779)	**61,661**	**(973,671)**	**61,661**
Total comprehensive (loss) /income attributable to:					
Equity holders of the parent		(1,076,738)	61,661	(973,671)	61,661
Non-controlling interest		(1,041)	-	-	-
		(1,077,779)	**61,661**	**(973,671)**	**61,661**
Basic /diluted (loss) / earnings per share (Naira)					
Attributable to:					
Ordinary equity holders of the parent	**14**	**(7.25)**	**0.42**	**(6.56)**	**0.42**

Consolidated and Separate Statements of Financial Position

FOR THE YEAR ENDED DECEMBER 31, 2018

		The Group		The Company	
	Note	2018 N'000	2017 N'000	2018 N'000	2017 N'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	1,501,731	1,304,224	1,499,515	1,304,224
Intangible assets	16	251	461	251	461
Investment in subsidiary	6	-	-	27,104	-
Available for sale	17	-	2,000	-	2,000
Deferred tax asset	13	-	49,154	-	49,154
		1,501,982	**1,355,839**	**1,526,870**	**1,355,839**
Current assets					
Inventories	18	203,023	31,075	203,023	31,075
Contract asset	19	1,854,127	1,357,364	1,854,127	1,357,364
Trade and other receivables	20	2,800,274	2,191,981	2,896,523	2,191,981
Prepayments	21	37,496	5,040	37,496	5,040
Cash and short-term deposits	22	479,838	410,697	462,539	410,697
		5,374,758	**3,996,157**	**5,453,708**	**3,996,157**
Total assets		**6,876,740**	**5,351,996**	**6,980,578**	**5,351,996**
EQUITY AND LIABILITIES					
Equity					
Issued capital	23	74,250	74,250	74,250	74,250
Share premium	23	141,184	141,184	141,184	141,184
Asset revaluation reserve		861,934	861,934	861,934	861,934
Accumulated losses		(2,505,543)	(950,214)	(2,402,475)	(950,214)
Equity attributable to equity holders of the parent		(1,428,175)	127,154	(1,325,107)	127,154
Non-controlling interests		(770)	-	-	-
Total equity		**(1,428,945)**	**127,154**	**(1,325,107)**	**127,154**
Non-current liabilities					
Share deposit	24	1,950,000	1,950,000	1,950,000	1,950,000
		1,950,000	1,950,000	1,950,000	1,950,000
Current liabilities					
Bank overdraft	22	217,096	-	217,096	-
Trade and other payables	25	3,133,377	1,985,949	3,133,377	1,985,949
Contract liability	26	2,983,912	1,243,065	2,983,912	1,243,065
Income tax payable	13	21,300	45,828	21,300	45,828
		6,355,685	3,274,842	6,355,686	3,274,842
Total liabilities		**8,305,685**	**5,224,842**	**8,305,685**	**5,224,842**
Total equity and liabilities		**6,876,740**	**5,351,996**	**6,980,578**	**5,351,996**

The financial statements were approved by the Board of Directors and authorised for issue on
They were signed on its behalf by:

Afolabi Aiyeola
Director
FRC/2015/IODN/000000128

Oluyemi Akinfenwa
Financial Controller
FRC/2012/ICAN/00000000449

Eyo Asuquo
Director
FRC/2018/CIBN/0000000001619

Alkimos Makaronidis
Managing Director

Consolidated and Separate Statements of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018

	THE GROUP							THE COMPANY				
	Issued capital N'000	Share premium N'000	Assets revaluation reserve N'000	Accumulated losses N'000	Total N'000	Non-Controlling interest N'000	Total equity N'000	Issued capital N'000	Share premium N'000	Assets revaluation reserve N'000	Accumulated losses N'000	Total N'000
As at 1 January 2018	74,250	141,184	861,934	(950,214)	127,154	-	127,154	74,250	141,184	861,934	(950,214)	127,154
Effect of adoption of new standards	-	-	-	(478,591)	(478,590)	-	(478,590)	-	-	-	(478,590)	(478,590)
As at 1 January 2018 (restated)	74,250	141,184	861,934	(1,428,805)	(351,436)	-	(351,436)	74,250	141,184	861,934	(1,428,804)	(351,436)
Loss for the year	-	-	-	(1,076,738)	(1,076,738)	(1,041)	(1,077,779)	-	-	-	(973,671)	(973,671)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	271	271					
At 31 December 2018	74,250	141,184	861,934	(2,505,543)	(1,428,174)	(770)	(1,428,944)	74,250	141,184	861,934	(2,402,475)	(1,325,107)
As at 1 January 2017	74,250	141,184	861,934	(1,001,875)	65,493	-	65,493	74,250	141,184	861,934	(1,001,875)	65,493
Loss for the year	-	-	-	61,661	61,661		61,661	-	-	-	61,661	61,661
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-		-	-	-	-	-	-
At 31 December 2017	74,250	141,184	861,934	(950,214)	127,154	-	127,154	74,250	141,184	861,934	(950,214)	127,154

Consolidated and Separate Statements of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2018

		Group		Company	
	Note	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Operating activities					
(Loss)/ profit before tax		(802,606)	107,178	(698,498)	107,178
Non-cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	15	277,002	242,982	276,791	242,982
Amortisation of intangible asset	16	210	588	210	588
Net unrealised foreign exchange (gain)/loss	10	(17,430)	3,958	(17,430)	3,958
Profit on disposal of property, plant and equipment	10	(6,873)	(610)	(6,873)	(610)
Finance income	12	(4,609)	(339)	(4,609)	(339)
Bad debt	11	-	64,179	-	64,179
Write-off of available for sale	17	2,000	-	2,000	-
Expected credit losses on financial asset	11	588,328	-	588,328	-
Contract asset recognized in revenue	8	(1,357,364)	-	(1,357,364)	-
Contract liability recognized in revenue	8	(1,243,065)	-	(1,243,065)	-
		(2,564,406)	**417,935**	**(2,460,509)**	**417,935**
Working capital adjustments:					
Increase in trade and other receivables	20	(1,140,940)	(349,092)	(1,237,460)	(349,092)
Increase in prepayments	21	(32,456)	(159)	(32,456)	(159)
Increase in inventories	18	(171,948)	(19,578)	(171,948)	(19,578)
Decrease in contract asset	19	83,642)	(870,077)	83,642	(870,077)
Increase in trade and other payables	25	1,147,428	590,806	1,147,428	590,806
Increase in contract liability	27	1,740,847	777,105	1,740,847	777,105
		305,228	542,546	312,606	542,546
Income tax paid	13	(7,586)	(8,443)	(7,586)	(8,443)
Net cash flows from operating activities		**297,642**	**538,497**	**305,020**	**538,497**
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(476,538)	(410,505)	(474,111)	(410,505)
Interest received	10	4,609	339	4,609	339
Proceeds from sale of property, plant and equipment		8,902	610	8,902	610
Advance payment in fixed deposit (restricted)	22	(151,377)	(18,672)	(151,377)	(18,672)
Payments for investment in subsidiary	6	-	-	(27,104)	-
Net cash flows used in investing activities		**(614,404)**	**(428,228)**	**(639,081)**	**(428,228)**
Net (decrease)/ increase in cash and cash equivalents		(316,762)	105,875	(334,061)	105,875
Net foreign exchange difference	10	17,430	(3,958)	17,430	(3,958)
Cash and cash equivalents at the beginning of the year		284,947	178,635	284,947	178,635
Cash and cash equivalents at end of the year	**22**	**(14,385)**	**284,947**	**(31,684)**	**284,947**

Notes to the Consolidated and Separate Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2018

1. Corporate information

Arbico Plc (the Group or the parent) was 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.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Financial Reporting Council of Nigeria Act, No. 6 2011, the provision of the Companies and Allied and Matters Act, CAP 20 and the Laws of the Federation of Nigeria 2004 as applicable. 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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Arbico Plc and its subsidiary as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights Arbico Plc re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and the component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non - controlling interests, even if this results in the non - controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group□s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

a) Current versus non-current classification

The Group presents assets and liabilities in 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 realised 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 twelve months 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 the reporting period.

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

b) Fair value measurement

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 to 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 Group 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 □ Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 □ Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 □ Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company□s audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The finance department, after discussions with the Group□s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance departments analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group□s accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance team, in conjunction with the Group□s external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the finance team and the Group□s external valuers present the valuation results to the audit committee and the Group□s independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

c) Foreign Currency transactions

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

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group□s entities at their respectivefunctional 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.

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).

Policy effective subsequent to 1 January 2018

3.2 Revenue recognition from contract with customers

3.2. 1. A 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 survey of work done.

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.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

l) Significant financing component

Where consideration is paid in advance or in arrears, the Group consider whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money. However using the practical expedient in IFRS 15 the Group does not adjust the promised amount of consideration for the effects of a significant financing component where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months. As a consequence, the Group does not adjust any of the transaction prices for the time value of money as transfer of goods or service were between one year or less. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

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.

Trade **receivables**
A receivable represents the Group s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Policy prior to 1 January, 2018

3.2.1.1 Construction contracts

The Group 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 survey of work done.

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

3.2.1 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.

3.2.2 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.

3.2.3 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.

3.3 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.

3.4 Property, plant and equipment (PPE)

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

3.4.1 Category of PPE

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.

The Group 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.

3.4.2 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 %
Depreciation rate	%	%	%	%	%	%	%	%	%	%
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%
Ceiling	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 5 years.

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	-	-	10	-	-
Double Drum Roller	25	20	-	-	-	-	-	-	25	-	20	-	-	-	-	20	-	-	-
Generator	25	-	-	-	-	-	-	-	-	-	-	-	-	25	-	-	-	-	-
Leveling 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	-

3.4.3 Derecognition (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.

3.4.4 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.

3.4.5 Amortisation and derecognition of intangible assets

Intangible assets consist of computer software with a finite useful life and are amortised over 4years 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.

3.5 Revaluation of asset

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve 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 or 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.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset□s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.6 Financial Instruments - Initial recognition and subsequent measurement

Policy effective subsequent to 1 January 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset□s contractual cash flow characteristics and the Company□s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group s financial assets at amortised cost includes trade receivables, cash and cash equivalents and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group s statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass - through arrangement, 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group could be required to repay.

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions Note 4
- Trade receivables Note 20

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables from related parties (non-trade), lease receivables and short-term deposits, the Company applies general approach in calculating ECLs. It is the Company□s policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are I year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. "

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group□s financial liabilities include trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost.

Derecognition

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.
use of unobservable inputs.

Policy prior to 1 January 2018

3.6.2 Financial assets

Nature and Subsequent measurement
The Group□s financial assets include unquoted investments, 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:

3.6.2.1 AFS financial assets

AFS financial assets include unquoted investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

3.6.2.2 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 comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses for receivables.

3.6.2.3 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.

3.6.2.4 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.

3.7 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 period. The Company in line with the provisions of the Pension Reform Act, 2014 has instituted a defined contribution pension scheme for its employees.

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 Value added tax

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

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

The net amount of value added 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.

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 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 or 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.

3b. Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1. Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

There is no material quantitative changes based on the adoption of IFRS 15 to the Group's revenue but the qualitative disclosures have been updated in line with the application of IFRS 15.

Impact of application of IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

	Adjustments	1 January 2018 N'000
Trade receivables	a,b	(345,339)
Contract asset	a,b	(338,052)
Intercompany receivable	a,b	(217)
Deferred tax asset	a,b	205,017
Total assets		**(478,591)**
Total liabilities		
Total adjustments on equity	-	
Retained earnings	a,b	(478,591)
		(478,591)

The nature of these adjustments are described below:

a) **Classification and measurement**

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the group□s business model for managing the assets; and whether the instruments□ contractual cash flows represent □solely payments of principal and interest□ on the principal amount outstanding.

The assessment of the group□s business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Before adoption of IFRS 15, the Group recognised trade receivables, even if the receipt of the total consideration was conditional on successful completion of building construction and civil works. Under IFRS 15, any earned consideration that is conditional should be recognised as a contract asset rather than a receivable. There is no material quantitative changes based on the adoption of IFRS 15 to the Group's revenue but the qualitative discloses have been updated in line with the application of IFRS 15.

The following are the changes in the classification of the Group□s financial assets:

Trade and other receivables, cash and short-term deposits classified as Loans and receivables as at 31 December 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

Impact of application of IFRS 9 Financial instruments

The Group
IFRS 9 Measurement Category

IAS 39 Measurement Category	N'000	Fair Value through Profit/Loss N'000	Fair Value through OCI N'000	Amortized cost N'000
Trade and other receivables	2,191,981	-	-	2,191,981
Contract asset	1,357,364	-	-	1,357,364
Cash and short term deposit	410,698	-	-	410,698
	3,960,042	**-**	**-**	**3,960,042**

The Company
IFRS 9 Measurement Category

IAS 39 Measurement Category	N'000	Fair Value through Profit/Loss N'000	Fair Value through OCI N'000	Amortized cost N'000
Trade and other receivables	2,191,981	-	-	2,191,981
Contract asset	1,357,364	-	-	1,357,364
Cash and short-term deposit	410,698	-	-	410,698
	3,960,042	**-**	**-**	**3,960,042**

b) Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group□s accounting for impairment losses for financial assets by replacing IAS 39□s incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon adoption of IFRS 9 the Group recognised additional impairment on the Group□s trade receivables, contract asset and intercompany receivables were N373.95million, N338.05million and N0.22million respectively and recognition of deferred tax asset of N205.12million which resulted in a decrease in retained earnings of N478.591 million as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

The Group

	Allowance for impairment under IAS 39 as at 31 December 2017 N'000	Remeasurement N'000	ECL under IFRS 9 as at 1 January 2018 N'000
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9			
Trade receivables	28,609	345,339	373,948
Contract asset	-	338,051	338,051
Intercompany receivable	-	217	217
Deferred tax asset	-	(205,017)	(205,017)
	28,609	**478,591**	**507,199**

The Company

	Allowance for impairment under IAS 39 as at 31 December 2017 N'000	Remeasurement N'000	ECL under IFRS 9 as at 1 January 2018 N'000
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9			
Trade receivables	28,609	345,339	373,948
Contract asset	-	338,051	338,051
Intercompany receivable	-	217	217
Deferred tax asset	-	(205,017)	(205,017)
	28,609	**478,591**	**507,199**

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group 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
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 from contracts with customers

The group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in building and civil works
The Group provides building construction and or civil engineering works to a customer. The building construction are a promise to transfer goods in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that building construction and or civil engineering works are capable of being distinct. The fact that the Group regularly sells that building construction and or civil engineering works on a stand - alone basis indicates that the customer can benefit from each of products on their own. The Group also determined that the promises to transfer the building construction and or civil engineering works are distinct within the context of the contract.

Determining the timing of satisfaction of building construction and civil work
The Group concluded that revenue for building construction and civil work is to be recognised over time; when the customer obtains control of building construction and or civil work. The Group assess when control is transfer using the indicators below:

- The Group has a present right to payment for the product;
- The customer has legal title to the product;
- The Group has transferred physical possession of the asset and certificate of completion received;
- The customer has the significant risks and rewards of ownership of the product; and
- The customer has accepted the asset

When the Group determines that a performance obligation is satisfied over time, the standard requirement is to select a single revenue recognition method for the relevant performance obligation to measure progress.

The Group uses the output method which recognize revenue on the basis of direct measurements of the value to the customers of the building or civil work transferred to date relative to the remaining goods or services promised in to. Output methods include survey of performance completed to date, appraisals of results achieved, milestones reached and time elapsed and units produced or units delivered.

Estimates and assumptions

4.2 Financial Instruments

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, and customer type).

The provision matrix is initially based on the Group□s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group□s historical credit loss experience and forecast of economic conditions may also not be representative of customer□s actual default in the future. The information about the ECLs on the Group□s trade receivables is disclosed in Note 20 and 26.

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.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are □solely payments of principal and interest on the principal amount outstanding□ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.
The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

5b Standards issued but not yet effective

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.
The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the

income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Grouo□s current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Groups□s current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

IFRS *16 Leases*
Effective for annual periods beginning on or after 1 January 2019. Key requirements

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees □ leases of □low-value□ assets (e.g., personal computers) and short- term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today□s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Transition
A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard□s transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

Impact
These amendments are currently not applicable to the Group but may apply to future transactions.

6. Investment in subsidiaries

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Arbico FZE	-	-	27,104	-
	-	**-**	**27,104**	**-**

The investment in subsidiary was carried at cost. There was no impairment loss on the subsidiary.

6b. Group information

The consolidated financial statements of the Group include:

				% EQUITY INTEREST	
Name	**Principal activities**	**Year of Incorporation**	**Country of Incorporation**	**2018**	**2017**
Arbico FZE	Building Contructions of Non-Plant and Balance Buildings for Dangote Oil Refinery Projects Site	April 2018	Nigeria	99%	-

7. Material partly-owned subsidiary

Financial information of subsidiary that have non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	2018	2017
Arbico FZE	1%	-

	2018 N'000	2017 N'000
Accumulated balances of material non-controlling interest:		
Arbico FZE	271	-

	2018 N'000	2017 N'000
Loss allocated to non-controlling interest:		
Non-controlling interest	(1,041)	-

Summarised statement of profit or loss and other comprehensive income for the year ended 31 December 2018:

	N'000
Revenue	-
Cost of sales	-
Gross profit	-
Administrative expenses	(104,108)
Loss before income tax	**(104,108)**
Income tax expense	-
Loss for the year	**(104,108)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):	
Other comprehensive income/ (loss), net of tax	**-**
Total comprehensive loss for the year, net of tax	**(104,108)**

7. Material partly-owned subsidiary- Cont'd

Summarised statement of profit or loss and other comprehensive income for the year ended 31 December 2018 cont'd:

	N'000
Loss for the year attributable to:	
Ordinary equity holders of the parent	(103,067)
Non-controlling interest	(1,041)
	(104,108)
Total comprehensive loss attributable to:	
Equity)holders of the parent	(103,067)
Non-controlling interest	(1,041)
	(104,108)
Basic (loss) / earnings per share (Naira)	
Attributable to:	
Ordinary equity holders of the parent	(3.84)

Arbico FZE was incorporated in April 2018 and commence business in May 2018 hence no prior year information.

Summarised statement of financial position as at 31 December 2018:

	Arbico FZE N'000
Property, plant and equipment (non-current)	2,216
Cash and cash equivalents (current)	17,299
Trade and other payables	(96,519)
Loss for the period	104,108
Total equity	**27,104**
Attributable to:	
Equity holders of parent	26,833
Non-controlling interest	271

Arbico FZE was incorporated in April 2018 and commence business in May 2018 hence no prior year information.

Summarised cash flow information for year ended 31 December 2018

	Arbico FZE N'000
Operating	(104,108)
Investing	(2,437)
Financing	27,104
Net decrease in cash and cash equivalents	**(79,441)**

Arbico FZE was incorporated in April 2018 and commence business in May 2018 hence no prior year information.

8 Revenue from contracts with customer

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Type of goods or service				
Construction contracts	4,171,470	4,891,912	4,171,470	4,891,912
Total revenue from contract with customers	4,171,470	4,891,912	4,171,470	4,891,912
Geographical markets				
Within Nigeria	4,171,470	4,891,912	4,171,470	4,891,912
Outside Nigeria	-	-	-	-
Total revenue from contract with customers	4,171,470	4,891,912	4,171,470	4,891,912
Timing of revenue recognition				
Service transferred at a point in time	-	-	-	-
Services transferred over time	4,171,470	4,891,912	4,171,470	4,891,912
Total revenue from contract with customers	4,171,470	4,891,912	4,171,470	4,891,912

Performance obligations
Information about the Group□s performance obligations are summarised below:

Construction of building or civil works
The performance obligation is satisfied over time by transferring control of the building or the civil work based on the surveys of completions to date payment is generally due within 30 to 90 days from dates of the survey of completion issued.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract balances
Contract Assets and Contract Liabilities

Net contract assets (liabilities) consisted of the following at December 31.

	2018 N'000	2017 N'000	Change N'000	Change %
Trade and other receivables	2,000,000	1,120,257	879,383	44
Retention	429,143	387,249	41,894	10
Contract assets	1,854,127	1,357,364	496,763	37
Contract liabilities	(2,983,912)	(1,243,065)	(1,740,846)	(140)
Net contract asset	**1,299,358**	**1,621,805**	**2,237,609**	**91**

Contract assets consisted of the following at December 31

Unbilled	4,760,120	5,379,199
Progress payment	(2,905,993)	(4,021,835)
	1,854,127	**1,357,364**

The Group has title to the assets related to unbilled amounts on contracts that provide progress payments.

In 2018, 2017, we recognized revenue of 1.35billion and 487million related to contract liabilities at January 1, 2018, January 1, 2017 respectively.

	2018 N'000	2017 N'000	Change N'000	Change %
Contract assets	1,854,127	1,357,3644	96,763	37
Contract liabilities	(2,983,912)	(1,243,065)	(1,740,846)	140
Revenue recognized in the period from:				
Amount included in contract liability at the beginning of the period	1,357,364	487,287		
Performance obligation satisfied in previous years	387,249	429,426		

Contract liabilities
Contract liabilities consists of advance payments from customers.

Movements in contract liabilities for the year ended December 31, 2018 and 2017 are as follows:

	2018 N'000	2017 N'000
1 January	1,243,065	487,287
Effect of adoption of IFRS 15	-	-
Advance payment received from customers	4,896,371	4,021,835
Performance obligations recognized in the period	387,249	429,426
Revenue recognized in the period:		
Amount included in contract liability at the beginning of the period	(1,243,065)	(487,287)
Advance payment applied to current period	(2,299,706)	(3,208,196)
31 December	**2,983,912**	**1,243,065**

Trade receivables are non-interest bearing and are generally on terms of 0 to 90days.
In 2018, 585.70million was recognised as provision for expected credit losses on trade and other receivables and contract asset.

Contract liabilities include advances received from customers in respect of projects

9 Cost of sales

	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Contract expenses	2,912,160	3,704,473	2,871,602	3,704,473
Depreciation of plant, tools and equipment	222,209	180,798	222,209	180,798
Project technical expenses	110,559	159,847	110,599	159,847
Expatriate salaries	150,486	102,864	150,086	102,864
	3,395,414	**4,147,982**	**3,354,457**	**4,147,982**

Contract expenses are direct are cost incurred on construction materials for all contract. Project technical expenses refer to expenses relating to overseas technical expenses.

10 Other operating income

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Profit on sale of property, plant and equipment	6,873	610	6,873	610
Insurance claim	762	19,065	762	19,065
Other income	10,918	32,863	10,918	32,863
Rent income	8,602	16,685	8,602	16,685
Sale of scraps	3,402	43,585	3,402	43,585
Exchange gain unrealised	17,430	437	17,430	437
	47,987	**113,245**	**47,987**	**113,245**

Other income refers to sale of diesel.

11. Administrative expenses

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Advertisement and communication	9,541	8,879	9,491	8,879
Amortization of intangible asset	210	-	210	-
Audit fee	10,000	8,500	10,000	8,500
Bad debt	-	64,179	-	64,179
Bank charges	107,263	13,727	107,263	13,727
Court Case settlement	-	1,000	-	1,000
Depreciation of property, plant & equipment	54,793	62,184	54,581	62,184
Directors expenses	4,611	2,963	4,611	2,963
Donations and sponsorship	13,291	8,998	13,291	8,998
Employee benefits expense (Note 11a)	280,002	220,830	264,264	220,830
Entertainment expenses	1,465	1,274	1,465	1,274
Equipment rentals	9,417	-	9,417	-
Exchange loss realised	-	4,569	-	4,569
Exchange loss unrealized	-	4,395	-	4,395
Expected credit loss (Note 11b)	588,328	-	588,328	-
Legal and professional charges	45,684	10,209	27,847	10,209
Lighting & heating	78,654	52,393	73,493	52,393
Office expenses	152,863	75,242	149,744	75,242
Printing & Stationary	20,621	5,151	20,257	5,151
Rent, rates and insurance	37,883	37,402	37,883	37,402
Repairs and maintenance	91,711	79,920	88,765	79,920
Tender expenses	9,009	23,871	9,009	23,871
Traveling and accommodation	104,027	24,631	89,059	24,631
Vehicle running costs	9,885	40,019	7,129	40,019
Write off of investment	2,000	-	2,000	-
	1,631,258	**750,336**	**1,568,107**	**750,336**

11a Employee benefit expense

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Salaries and wages	221,088	185,382	205,798	185,382
Pension	15,986	12,850	15,986	12,850
Medical	12,991	10,293	12,782	10,293
Staff training	1,698	8,918	1,698	8,918
Industrial training cost	4,521	2,529	4,521	2,529
Labour	15,808	-	15,808	-
Staff welfare	7,910	858	7,670	858
	280,002	**220,830**	**262,264**	**220,830**

11b Expected credit losses

Expected credit losses for contract asset	430,661	-	430,661	-
Expected credit losses for trade and other receivable	155,035		155,035	
Expected credit losses for intercompany receivables	2,632	-	2,632	-
	588,328	**-**	**588,328**	**-**

12 Finance Income

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Interest on short term deposits	4,609	339	4,609	339
	4,609	**339**	**4,609**	**339**

13 Income tax

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

13.1 Consolidated and Separate Statements of profit or loss

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current income tax:				
Company income tax	17,650	37,931	17,650	37,931
Education tax	3,352	7,586	3,352	7,586
	21,002	45,517	21,002	45,517
Deferred tax				
Relating to origination and reversal of temporary differences	254,171	-	254,171	-
Income tax expense reported in the profit or loss account	**275,173**	**45,517**	**275,173**	**45,517**

Income tax - continued

Reconciliation between tax expense and the product of accounting profit for the year ended 31 December 2018 is as follows:

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Accounting (loss)/profit before tax	(802,606)	107,178	(698,498)	107,178
At Nigeria□s statutory income tax rate of 30% (2017: 30%)	(240,782)	32,153	(209,549)	32,153
Education tax	3,352	7,586	3,352	7,586
Non-deductible expenses for tax purpose	298,352	81,954	267,119	81,954
Effect of tax incentives □ utilised capital allowance	(35,300)	(75,862)	(35,300)	(75,862)
Balancing charge	(7,291)	-	(7,291)	-
Effect of tax loss	-	(314)	-	(314)
Non-taxable income	2,671	-	2,671	-
Deferred tax asset derecognized*	254,171	-	254,171	-
Income tax expense reported in profit or loss	**275,13**	**45,517**	**275,173**	**45,517**
The effective tax rate	(34)%	43%	(39)%	43%
Reconciliation of current income tax liabilities				
As at 1 January	45,828	51,195	45,828	51,195
Charge for the year	21,002	45,517	21,002	45,517
Payment during the year	(7,586)	(8,443)	(7,586)	(8,443)
Withholding tax off-set	(37,944)	(42,441)	(37,944)	(42,441)
At 31 December	**21,300**	**45,828**	**21,300**	**45,828**

*Deferred tax asset recognized on ECL adjustment as at 1 January 2018 was derecognized as at 31 December 2018 because it is not probable that the Company will generate enough taxable profit in future to recoup the deferred tax asset.

13.2 Deferred tax

	The Group Statement of Financial position		The Company Statement of Financial position	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Deferred tax relates to the following:				
Property, plant and equipment	-	49,154	-	49,154
Net deferred tax assets	**-**	**49,154**	**-**	**49,154**

	The Group Statement of Financial position		The Company Statement of Financial position	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Deferred tax				
Deferred tax relates to the following:				
Property, plant and equipment	49,154	-	49,154	-
Trade and other receivable (reversal)	205,017	-	205,017	-
Net deferred tax assets	**254,171**	**-**	**254,171**	**-**

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

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Deferred tax assets	-	49,154	-	49,154
Deferred tax assets, net	**-**	**49,154**	**-**	**49,154**
Reconciliation of deferred tax asset, net				
As at 1 January	49,154	49,154	49,154	49,154
Effect of adoption of IFRS 9	205,017	-	205,017	-
As at 1 January (restated)	254,171	49,154	254,171	49,154
Amount utilized during the year	(254,171)	-	(254,171)	-
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 group has, accordingly, recognised a deferred tax asset of nil value (2017: N49.15 million) relating to net deductible temporary difference that are considered to be realisable against the Group□s taxable profits, which is expected to arise in future periods.

The Group□s accumulated losses 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 2018 is N427.1 million (2017: N134.8 million).

14 Basic (loss)/ earnings per Share

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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

Group	2018 N'000	2017 N'000
Net (loss)/profit attributable to ordinary equity holders for basic (loss)/earnings per share	(1,076,738)	61,661

	2018 Thousand	2017 Thousand
Average number of ordinary shares for basic (loss)/earnings per share	148,500	48,500
Basic/diluted (loss)/earnings per share (Naira) Parent	(7.25)	0.42

Company	2018 N'000	2017 N'000
Net loss/(profit) attributable to ordinary equity holders for basic (loss)/earnings per share	(973,671)	61,661

	2018 Thousand	2017 Thousand
Average number of ordinary shares for basic (loss)/ earnings per share	148,500	148,500
Basic/ diluted (loss)/earnings per share (Naira)	(6.56)	0.42

15 Property plant and equipment

The Group

	Land and building N'000	Plant, tool and equipment N'000	Motor Vehicles N'000	Office furniture and equipment N'000	IT Infrastructure N'000	Total N'000
Cost:						
At 1 January 2017	733,500	1,046,798	316,106	2,616	28,589	2,127,609
Additions during the year	-	335,144	71,118	-	4,243	410,505
Disposals during the year	-	-	(630)	-	-	(630)
At 31 December 2017	**733,500**	**1,381,942**	**386,594**	**2,616**	**32,832**	**2,537,484**
Additions during the year	-	398,009	60,267	3,757	14,505	476,538
Disposals during the year	-	-	(23,100)	-	-	(23,100)
At 31 December 2018	**733,500**	**1,779,951**	**423,761**	**6,373**	**47,337**	**2,990,922**

15 Property plant and equipment - Cont'd

The Group (Cont'd)

	Land and building N'000	Plant, tool and equipment N'000	Motor Vehicles N'000	Office furniture and equipment N'000	IT Infrastructure N'000	Total N'000
Depreciation						
At 1 January 2017	**44,010**	**674,184**	**246,852**	**924**	**24,938**	**990,908**
Charge for the year	7,335	181,386	51,021	469	2,771	242,982
Disposals for the year	-	-	(630)	-	-	(630)
At 31 December 2017	**51,345**	**855,570**	**297,243**	**1,393**	**27,709**	**1,233,260**
Charge for the year	7,335	220,303	44,959	709	3,996	277,002
Disposals for the year	-	-	(21,071)	-	-	(21,071)
At 31 December 2018	**58,680**	**1,075,573**	**321,131**	**2,102**	**31,705**	**1,489,191**
Carrying value:						
At 31 December 2018	**674,820**	**704,378**	**102,630**	**4,271**	**15,632**	**1,501,731**
At 31 December 2017	**682,155**	**526,372**	**89,351**	**1,223**	**5,123**	**1,304,224**

The Company

	Land and building N'000	Plant, tool and equipment N'000	Motor Vehicles N'000	Office furniture and equipment N'000	IT Infrastructure N'000	Total N'000
Cost:						
At 1 January 2017	733,500	1,046,798	316,106	2,616	28,589	2,127,609
Additions during the year	-	335,144	71,118	-	4,243	410,505
Disposals during the year	-	-	(630)	-	-	(630)
At 31 December 2017	**733,500**	**1,381,942**	**386,594**	**2,616**	**32,832**	**2,537,484**
Additions during the year	-	398,009	60,267	1330	14,505	474,111
Disposals during the year	-	-	(23,100)	-	-	(23,100)
At 31 December 2018	**733,500**	**1,779,951**	**423,761**	**3,946**	**47,337**	**2,988,495**
Depreciation						
At 1 January 2017	**44,010**	**674,184**	**246,852**	**924**	**24,938**	**990,908**
Charge for the year	7,335	181,386	51,021	469	2,771	242,982
Disposals for the year	-	-	(630)	-	-	(630)
At 31 December 2017	**51,345**	**855,570**	**297,243**	**1,393**	**27,709**	**1,233,260**
Charge for the year	7,335	220,303	44,959	498	3,996	276,791
Disposals for the year	-	-	(21,071)	-	-	(21,071)
At 31 December 2018	**58,680**	**1,075,573**	**321,131**	**1,891**	**31,705**	**1,489,980**
Carrying value:						
At 31 December 2018	**674,820**	**704,378**	**102,630**	**2,055**	**15,632**	**1,499,515**
At 31 December 2017	**682,155**	**526,372**	**89,351**	**1,223**	**5,123**	**1,304,224**

There are no restrictions on title to the items of property, plant and equipment. Property, plant and equipment with a carrying amount of are subject to a floating charge to secure the Group's mortgage debenture loan from Guaranty Trust Bank.

The fair value of the Group□s buildings is in line with the carrying amount. However, revaluation of the buildings are done at management discretion. The Group did not incur any impairment loss during the year.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

The Group

	2018 N'000	2017 N'000
Cost	1,651,517	1,253,508
Accumulated depreciation	(1,134,253)	(906,915)
Net carrying amount	**517,264**	**346,593**

The Company

	2018 N'000	2017 N'000
Cost	1,651,517	1,253,508
Accumulated depreciation	(1,134,253)	(906,915)
Net carrying amount	**517,264**	**346,593**

16 Intangible assets

	Computer software N'000
Cost:	
At 1 January 2017	11,489
Additions during the year	-
At 31 December 2017	11,489
Additions during the year	-
At 31 December 2018	11,489
Amortisation	
At 1 January 2017	10,680
Charge for the year	558
At 31 December 2017	11,028
Charge for the year	210
At 31 December 2018	**11,238**
Carrying value:	
At 31 December 2017	**461**
At 31 December 2018	**251**

17 Available for sale

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Investment in Home Trust Limited.				
Home Trust Limited	-	2,000	-	2,000
	-	**2,000**	**-**	**2,000**

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 2017, 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. As atb31 December 2018, the investment has been fully written off the as the Company has been liquidated.

18 Inventories

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Construction materials	203,023	31,075	203,023	31,075
	203,023	**31,075**	**203,023**	**31,075**

Inventories are measured at the lower of cost and net realisable value. The Group uses WACC (weighted average cost), for valuation of inventory. There was no inventory write-off during the year ended 31 December 2018 (2017: Nil).

19 Contract asset

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Receivable from third party customer	2,622,841	1,357,364	2,622,841	1,357,364
Allowance for expected credit losses (Note 29)	(768,714)	-	(768,714)	-
	1,854,127	**1,357,364**	**1,854,127**	**1,357,364**

20 Trade and other receivables

The Group The Company

	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Contract receivables	2,000,639	1,120,257	2,000,639	1,120,257
Retention receivable	429,143	387,249	429,143	387,249
Allowance for expected credit losses (Note 29)	(528,981)	(28,609)	(528,981)	(28,609)
	1,900,801	1,478,897	1,900,801	1,478,897
Due from related party (Note 20.2)	85,679	22,436	181,928	22,436
Other receivables (Note 20.3)	813,794	690,648	813,794	690,648
	2,800,274	**2,191,981**	**2,896,523**	**2,191,981**

20 Trade receivables and other receivables - continued

Trade receivables are non-interest bearing and are generally on 30 - 365 day terms. For terms and conditions relating to receivables from related parties, see Note 28.

As at 31 December 2018, the Group has trade and other receivables and contract assets of 5.60 billion (2017: 3.55billion) which is net of an allowance for expected credit losses of 1.30billion (2017: 28.61 million)

As at 31 December 2018, the Company has trade and other receivables and contract assets of 5.69 billion (2017: 3.55) which is net of an allowance for expected credit losses of 1.30billion (2017: 28.61million)

Set out below is the movement in the allowance for expected credit losses of contract assets:

	The Group		The Company	
	31 Dec 2018 N'000	1 Jan 2018 Restated N'000	31 Dec 2018 N'000	1 Jan 2018 Restated N'000
At 1 January	338,052	-	338,052	-
Provision for expected credit losses (Note 13)	430,662	338,052	430,662	338,052
	768,714	**338,052**	**768,714**	**338,052**

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	The Group		The Company	
	31 Dec 2018 N'000	1 Jan 2018 Restated N'000	31 Dec 2018 N'000	1 Jan 2018 Restated N'000
At 1 January	373,947	28,609	373,947	28,609
Provision for expected credit losses (Note 13)	155,034	345,338	155,034	345,338
	528,981	**373,947**	**528,981**	**373,947**

The significant changes in the balances of trade and other receivables and contract assets are disclosed in Note 4 while the information about the credit exposures are disclosed in Note 29.

20.2 Due from related parties

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Arbico FZE	-	-	96,520	-
Biswal	14,856	-	14,856	-
ComEnergy Managed Services Limited	8,794	-	8,794	-
FIDC	42,172	-	42,172	-
Tranos Contracting Limited	22,436	22,436	22,436	22,436
Adebutu Adebisi	271	-	-	-
Allowance for expected credit losses (Note 13)	(2,850)	-	(2,850)	-
	85,679	**22,436**	**181,928**	**22,436**

For terms and conditions relating to due from related party, refer to Note 28.

Set out below is the movement in the allowance for expected credit losses of intercompany receivables and contract assets:

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At 1 January	217	-	217	-
Provision for expected credit losses (Note 13)	2,633	217	2.633	217
At 31 December	**2,850**	**217**	**2,850**	**217**

20.3 Other receivables

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Staff receivable	3,675	5,203	3,675	5,203
Withholding tax receivable	532,373	471,207	532,373	471,207
Service receivable	-	11,160	-	11,160
Deposit for materials	277,746	162,085	277,746	162,085
Sub-contractor	-	20,000	-	20,000
Salary receivable	-	-	-	-
Deposit for letter of credit with Wema Bank	-	20,993	-	20,993
	813,794	**690,648**	**813,794**	**690,648**

Staff receivables relates to short-term advances granted to employees of the Group 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 Group 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.

Service receivable relates to shared expenses (diesel, electricity, waste disposal, etc) in respect of the use or Arbico Plc facilities due from tenants.

Deposit for letter of credit for Wema Bank relates to deposit made by the Group to Wema bank to opened an I&E foreign exchange window with the bank for the purpose of purchasing heavy duty equipment.

21 Prepayments

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At I January	5,040	4,881	5,040	4,881
Additions	68,698	37,561	68,698	37,561
Charged to profit or loss	(36,242)	(37,402)	(36,242)	(37,402)
	37,496	**5,040**	**37,496**	**5,040**

22 Cash and short-term deposits

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash in hand	2,963	563	2,963	563
Cash at bank	187,816	273,289	170,517	273,289
Short-term deposits	11,932	11,095	11,932	11,095
Restricted cash	277,127	125,750	277,127	125,750
	479,838	**410,697**	**462,539**	**410,697**

Impairment allowance on short-term deposit and restricted cash are not material.

Cash at banks earns interest at floating rates based on daily bank deposit rates which ranges from 2% to 2.5%. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term rates. 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: 2018 277.13 million (2017: 125.75 million). 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 equivalent

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash in hand	2,963	563	2,963	563
Cash at bank	187,816	273,289	170,517	273,289
Bank overdraft	(217,096)	-	(217,096)	-
Short-term deposits	11,932	11,095	11,932	11,095
	(14,385)	**284,947**	**(31,684)**	**284,947**

Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdraft is secured against mortgage debenture, 20% cash backing on Advance Payment Guarantees (APG) upon the receipts of the APG proceed and personal guarantee of the Managing Director. The lender is Guaranty Trust Bank. The interest on the overdraft is 21% per annum.

23 Issued capital and reserves

	The Group		The Company	
	2018 Thousands	2017 Thousands	2018 Thousands	2017 Thousands
Authorised				
150,000,000 Ordinary shares of 50K each	75,000	75,000	75,000	75,000
	N'000	N'000	N '000	N'000
Issued and fully paid				
148,500,000 Ordinary shares of 50k each	74,250	74,250	74,250	74,250
Share Premium				
As at 31 December	141,184	141,184	141,184	141,184

	The Group		The Company	
	2018	2017	2018	2017
	Thousands	Thousands	Thousands	Thousands
Asset revaluation reserve				
As at 31 December	861,934	861,934	861,934	861,934

Asset revaluation reserve surplus is used to recognize surplus or deficit on revaluation of property, plant and equipment.

24 Share deposit

In 2014, a decision was taken by the Directors of Biswal Limited to convert 1,950,000,000 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.

Share deposit

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Share deposit	**1,950,000**	**1,950,000**	**1,950,000**	**1,950,000**

25 Trade and other payables

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Trade payables	185,379	96,908	185,379	96,908
Statutory payables (Note 25.1)	600,033	524,027	600,033	524,027
Due to related parties (Note 25.2)	2,347,965	1,365,014	2,347,965	1,365,014
As at 31 December	**3,133,377**	**1,985,949**	**3,133,377**	**1,985,949**

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 28.

25.1 Other payables

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Pension payable	27,386	18,295	27,386	18,295
Statutory payable	430,987	381,902	430,987	381,902
Industrial training fund	5,419	3,071	5,419	3,071
Service providers payable	50,669	18,254	50,669	18,254
Accruals	85,572	102,505	85,572	102,505
As at 31 December	**600,033**	**524,027**	**600,033**	**524,027**

Statutory payable include Pay-As-You-Earn (PAYE), value added tax payable and withholding tax payable.

Accruals relates to payables to the Directors for working capital provided to finance the business .

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
R28 Limited	307,258	307,258	307,258	307,258
Biswal Limited	2,040,707	1,057,756	2,040,707	1,057,756
As at 31 December	**2,347,965**	**1,365,014**	**2,347,965**	**1,365,014**

For terms and conditions relating to due to related parties, refer to Note 28

26 Contract liability

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Advance from customers	2,983,912	1,243,065	2,983,912	1,243,065
	2,983,912	**1,243,065**	**2,983,912**	**1,243,065**
Current	2,983,912	1,243,065	2,983,912	1,243,065
Non-current	-	-	-	-

27 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 2018 and 2017, refer to Notes 20 and 28.

		Payments on behalf of Arbico related parties N'000	Rent/service charge N'000	Amounts due from/(owed to) related parties N'000
R28 Limited	2018	-	-	(307,258)
	2017	-	-	(307,258)
Biswal Limited	2018	-	-	(2,040,707)
	2017	674,539	-	(1,057,756)
Tranos Contracting Limited	2018	-	9,127	22,436
	2017		9,127	22,436
ComEnergy Managed Services Limited	2018		-	8,794
	2017	-	-	-
FIDC	2018	-	-	42,172
	2017	-	-	-

27 Related party transactions - Continued

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 2018 total intervention fund received for purchase of equipment and settlement of bank loans from both parties stood at N2.3billion (2017: N2.3 billion). Of this amount, N1.950billion received from Biswal Limited is meant to be deposit for shares (See Note 22).

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

Tranos Contracting Limited
One of the directors of Arbico Plc has a non-controlling interest in Tranos Contracting Limited.

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

Arbico FZE
Arbico FZE is a subsidiary of Arbico FZE. It was incorporated in April 2018 and commenced operations in May 2018. Arbico owned 99% shares in Arbico Plc while the ramianing 1% is owned by Adebisi Adebutu.

Entity with control over the Company
R28 Limited
R28 Limited owns 69.97% of the ordinary shares in Arbico Plc (2017: 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 entity

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Short-term employee benefits	-	-	-	-
Post-employment pension and Gratuity	-	-	-	-
Total compensation paid to key management personnel	**-**	**-**	**-**	**-**

28 Financial Risk Management objectives and policies

Overview
The Group'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 Group's operations. The Company's financial assets include trade and other receivables, amount due from customers on contract work, investments and cash and short-term deposits.

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

- Credit Risk
- Liquidity Risk
- Market Risk

The Group'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 Group□s exposure to each of the above risks, the Group□s objectives, policies and processes for measuring and managing risk.

Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The group is exposed to credit risk from its operating activities primarily trade receivables and deposits with banks and other financial institution. The company has a credit control function that weekly monitors trade receivables and resolves credit related matters.

Customer credit risk is managed by each business unit subject to the Group□s established policy, procedures and control relating to customer credit risk management. The group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The company evaluates the concentration of risk with respect to trade receivables as Medium as customers consists of large and reputable financial institutions that are subjected to financial scrutiny by various regulatory bodies. The group□s maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company□s treasury department in accordance with the Group□s policy. Surplus funds are spread amongst reputable 1 commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Group□s Financial Controller periodically and may be updated throughout the year subject to approval of the Financial Controller. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty□s failure. The company□s maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Global- scale long term local currency rating	National scale long term rating	National scale short term rating	Agusto rating	Implied S&P rating class (without modifiers)	Implied S&P rating categories (with modifiers)
ngAAA	ngA-1	AAA	B	B+	
BB	ngAA+	ngA-1	AA	B	B
BB -	ngAA, ngAA-	ngA-1	AA	B	B
B +	ngA+, ngA, ngA-	ngA-1, ngA-2	A	B	B
B	ngBBB+, ngBBB, ngBBB-	ngA-2, ngA-3	BBB	B	B -
B -	ngBB+, ngBB	ngB	BB	B	B -
CCC +	ngBB-, ngB+	ngB	B	CCC	CCC +
CCC	ngB, ngB-, ngCCC+	ngC	B	CCC	CCC
CCC -	ngCCC, ngCCC-	ngC	CCC	CCC	CCC -
CC	ngCC	ngC	CC	CC	CC
C	ngC	ngC	C	C	C
R	R	R	D	D	D
SD	SD	SD	D	D	D
D	D	D	D	D	D

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20. Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Groups contract asset and trade and other receivables as at 31 December 2018 using a provision matrix:

Set out below is the movement in the allowance for expected credit losses of trade receivables:

31 December 2018	**0 - 1 year N'000**	**1 – 3 years N'000**	**4 years N'000**	**Total N'000**
Expected credit loss rate	21.3%	22.04%	16.53%	59.94%
Estimated total gross carrying amount at default	1,118,487	748,662	492,633	2,429,783
Expected credit loss	253,881	165,041	81,450	500,372
1 January 2018				
Expected credit loss rate	24.52%	25.30%	18.98%	68.8%
Estimated total gross carrying amount at default	472,166	974,887	60,453	1,507,506
Expected credit loss	87,170	246,694	11,475	345,339

Set out below is the movement in the allowance for expected credit losses of contract asset:

31 December 2018	**0 - 1 year N'000**	**1 – 3 years N'000**	**4 years N'000**	**Total N'000**
Expected credit loss rate	21.3%	22.04%	16.53%	59.94%
Estimated total gross carrying amount at default	2,481,167	1,082,775	-	3,563,942
Expected credit loss	530,018	238,696	-	768,714
1 January 2018				
Expected credit loss rate	24.52%	25.30%	18.98%	68.8%
Estimated total gross carrying amount at default	692,225	665,109	-	1,357,634
Expected credit loss	169,746	168,306	-	338,052

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Carrying amount		**Fair value**	
	2018	**2017**	**2018**	**2017**
Balance as at 1 January 2018 under IAS 39	28,609	28,609	28,609	28,609
Adjustment upon application of IFRS 9	683,607	683,390	683,607	683,607
Balance as at 1 January 2018 /1 January 2017 As restated	712,216	712,216	712,216	712,216
Provision for expected credit losses (Note13)	588,328	-	588,328	-
Write back	-	-	-	-
Balance at 31 December	**1,300,544**	**712,216**	**1,300,544**	**712,216**

I Trade receivables

Loss rate are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rate are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables

ii Expected credit loss measurement-other financial assets

The Group applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation such as how the maturity profile of the PDs, etc. are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3(ii) Summary of significant accounting policies and in Note 4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company s base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 1 January 2018 and 31 December 2018.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for Subsequent years represent a long- term average and so are the same for each scenario.

31 December 2018

Key drivers	Assigned probabilities	ECL Scenarios	2019	2020	2021	2022	2023	Subsequent years
GDP growth	10%	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	80%	Base	0.20	19.00	0.15	0.16	0.14	0.15
	10%	Downtown	0.14	0.11	0.08	0.05	0.02	-0.01
Oil Price %	10%	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	80%	Base	55.00	57.00	62.00	54.00	56.00	57.00
	10%	Downtown	44.00	41.00	38.00	35.00	32.00	29.00
Exchange rate %	10%	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	80%	Base	199.50	219.95	219.48	230.95	242.49	254.62
	10%	Downtown	204.75	225.74	214.99	237.02	248.87	261.32
Inflation rate %	10%	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	80%	Base	31.00	32.00	33.00	34.00	35.00	36.00
	10%	Downtown	34.00	36.00	38.00	40.00	42.00	44.00
1 January 2018								
GDP growth	11%	0.23	0.26	0.26	0.29	0.32	0.35	0.38
	79%	0.20	0.20	0.20	19.00	0.15	0.16	0.14
	11%	0.17	0.14	0.14	0.11	0.08	0.05	0.02
Oil Price %	11%	53.00	56.00	56.00	59.00	62.00	65.00	68.00
	79%	50.00	55.00	55.00	57.00	62.00	54.00	56.00
	11%	47.00	44.00	44.00	41.00	38.00	35.00	32.00
Exchange rate %	11%	185.00	175.00	180.00	175.00	170.00	165.00	160.00
	79%	190.50	209.48	199.50	219.95	219.48	230.95	242.49
	11%	195.75	214.99	204.75	225.74	214.99	237.02	248.87
Inflation rate %	11%	28.00	24.00	26.00	24.00	22.00	20.00	18.00
	79%	30.00	32.00	31.00	32.00	33.00	34.00	35.00
	11%	32.00	36.00	34.00	36.00	38.00	40.00	42.00

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2018

	Short-term deposit N'000	Intercompany receivables N'000	Total N'000
Upside (10%)	-	4,157	4,157
Base (80%)	-	3,544	3,544
Downside (11%)	-	3,836	3,836
Total	**-**	**11,537**	**11,537**

1 January 2018

	Short-term deposit N'000	Intercompany receivables N'000	Total N'000
Upside (11%)	-	176	176
Base (79%)	-	95	95
Downside (10%)	-	103	103
Total	**-**	**374**	**374**

Short-term deposits

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	11,097	-	-	11,097
New asset purchased	835	-	-	835
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	**11,932**	**-**	**-**	**11,932**

ECL allowance as at 1 January 2018

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	-	-	-	-
New asset purchased	-	-	-	-
At 31 December	**-**	**-**	**-**	**-**

Intercompany receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	22,436	-	-	22,436
New asset purchased	159,492	-	-	159,492
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	**181,928**	**-**	**-**	**181,928**

ECL allowance as at 1 January 2018

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	217	-	-	217
New asset purchased	2,633	-	-	2,633
At 31 December 2018	**2,850**	**-**	**-**	**2,850**

Credit risk-continuedImpairment allowance for financial assets under general approach

In assessing the Group□s internal rating process, the Group□s customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Group□s customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client□s management relevant for the company□s performance.

The table below shows the Group's internal credit rating grades.

Internal rating grade	Internal rating description	12 month PD range	Implied S&P rating	Internal rating grade	Internal rating description	12 month PD range	Implied S&P rating
1	High grade	0.00% - 0.58%	Very Good+	1	High grade	0.00% - 0.58%	Very Good+
2	High grade	0.58% -1.42%	Very Good-	2	High grade	0.58% -1.42%	Very Good-
3	High grade	1.42% - 2.43%	Very Good-	3	High grade	1.42% - 2.43%	Very Good-
4	Standard grade	2.43% - 16.3%	Good+	4	Standard grade	2.43% - 16.3%	Good+
5	Standard grade	16.3% - 8.05%	Good	5	Standard grade	16.3% - 8.05%	Good
6	Sub-standard grade	28.05% - 0.03%	Average	6	Sub-standard grade	28.05% - 0.03%	Average
7	Past due but not impaired	41.03% - 100	Bad	7	Past due but not impaired	41.03% - 100	Bad
Non-performing				Non-performing			
8	Individually impaired	100%	Very Bad	8	Individually impaired	100%	Very Bad

Contract asset and trade and other other receivable

	2018					2017
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	POCI	Total	Total
Internal grading system	N'000	N'000	N'000	N'000	N'000	N'000
High grade	-	-	-	-	-	-
Standard grade	1,300,544	-	-	-	1,300,544	712,216
Sub-standard grade	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-
Non-performing						
Individually impaired	-	-	-	-	-	-
	1,300,544	**-**	**-**	**-**	**1,300,544**	**712,216**

Impairment allowance for contract asset and trade and other receivable

Internal grading system	Stage 1 Individual N'000	2018 Stage 2 Individual N'000	Stage 3 Individual N'000	POCI N'000	Total N'000	2017 Total N'000
ECL allowance at 1 January 2018 under IFRS 9	712,216	-	-	-	712,216	712,216
New asset purchased	4,893,134			4,893,134	-	
Assets derecognised or repaid (excluding write offs)	(4,304,806)	-	-	-	(4,304,806)	-
Transfers to Stage 1	-	-	-	-	-	-
Transfers to Stage 2						
Transfers to Stage 3						
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-	-	-
Amounts written off						
Foreign exchange adjustments	-	-	-	-	-	-
	1,300,544	**-**	**-**	**-**	**1,300,544**	**712,216**

Liquidity risk

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

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

The table below summarises the maturity profile of the Group□s financial liabilities based on contractual undiscounted payments.

The Group

Year ended 31 December 2018	On demand	Less than 3 months	3 to 12 months	1-5 years	> 5 years	Total
Trade and other payables	-	600,034	2,533,343	-	-	3,133,377
	-	**600,034**	**2,533,343**	**-**	**-**	**3,133,377**

Year ended 31 December 2017	On demand	Less than 3 months	3 to 12 months	1-5 years	> 5 years	Total
Trade and other payables		524,027	1,461,922	-	-	1,985,949
	-	**524,027**	**1,461,922**	**-**	**-**	**1,985,949**

The Company

Year ended 31 December 2018	On demand	Less than 3 months	3 to 12 months	1-5 years	> 5 years	Total
Trade and other payables	-	600,034	2,533,343	-	-	3,133,377
	-	**600,034**	**2,533,343**	**-**	**-**	**3,133,377**

Year ended 31 December 2017	On demand	Less than 3 months	3 to 12 months	1-5 years	> 5 years	Total
Trade and other payables		524,027	1,461,922	-	-	1,985,949
	-	**524,027**	**1,461,922**	**-**	**-**	**1,985,949**

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 Group 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 Group□s operating activities (when revenue or expense is denominated in a different currency from the Group□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	Change in EURO rate	Effect on profit before tax N000	Change in POUNDS rate	Effect on profit before tax N000
2018	+5%	7,857	+5%	17	+5%	806
	-5%	(7,857)	-5%	(17)	-5%	(806)
2017	+5%	63	+5%	85	+5%	2
	-5%	(63)	-5%	(85)	-5%	(2)

The table below show financial instruments by their measurement bases:

The Group

As at 31 December 2018	Amortised cost N'000	Fair value N'000	Carrying value N'000
Trade and other receivables	2,800,003	-	2,800,003
Cash and short-term deposits	479,838	-	479,838
Contract asset	1,854,127	-	1,854,127
Total financial assets	**5,133,967**	**-**	**5,133,967**
Trade and other payables	3,133,377	-	3,133,377
Total financial liabilities	**3,133,377**	**-**	**3,133,377**

As at 31 December 2017	Amortised cost N'000	Fair value N'000	Carrying value N'000
Trade and other receivables	1,720,774	-	1,720,774
Cash and short - term deposits	410,697	-	410,697
Available for sale	-	2,000	2,000
Contract asset	1,357,364	-	1,357,364
Total financial assets	**3,488,835**	**2,000**	**3,490,835**
Trade and other payables	1,985,949	-	1,985,949
Total financial liabilities	**1,985,949**	**-**	**1,985,949**

The table below show financial instruments by their measurement bases:

The Company

As at 31 December 2018	Amortised cost N'000	Fair value N'000	Carrying value N'000
Trade and other receivables	2,896,522	-	2,896,522
Cash and short-term deposits	462,539	-	462,539
Contract asset	1,854,127	-	1,854,127
Total financial assets	**5,133,967**	**-**	**5,133,967**
Trade and other payables	3,133,377	-	3,133,377
Total financial liabilities	**3,133,377**	**-**	**3,133,377**

The Company (cont'd)
The table below show financial instruments by their measurement bases:

As at 31 December 2017	Amortised cost N'000	Fair value N'000	Carrying value N'000
Trade and other receivables	1,720,774	-	1,720,774
Cash and short-term deposits	410,697	-	410,697
Unquoted investment	-	2,000	2,000
Contract asset	1,357,364	-	1,357,364
Total financial assets	3,488,835	2,000	3,490,835
Trade and other payables	1,985,949	-	1,985,949
Total financial liabilities	1,985,949	-	1,985,949

29 Capital management

The primary objective of the Group' 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group'spolicy is to keep the gearing ratio between 40% and 50%. The Group includes within net debt, trade and otherpayables less cash and short-term deposits.

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Trade and other payables (Note 25)				
Less cash and short-term deposits (Note 22)	3,133,376	1,985,949	3,133,376	1,985,949
	(479,838)	(410,697)	(462,539)	(410,697)
Net debt	2,653,538	1,575,252	2,670,837	1,575,252
Equity	(1,429,216)	127,154	(1,325,107)	127,154
Capital and net debt	**1,224,322**	**1,702,406**	**1,345,731**	**1,702,406**
Gearing ratio (%)	217%	93%	198%	93%

In order to achieve this overall objective, the Group□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 2018 and 31 December 2017.

30 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.

31 Segment Reporting

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company□s activities are concentrated in one geographic region. The company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The company does not have any major customer that amount to 10% or more of the revenue

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

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Revenue from external customers in Nigeria	4,171,470	4,891,912	4,171,470	4,891,912
Non□current operating assets in Nigeria	1,501,982	1,306,685	1,526,870	1,306,685

Non-current assets for this purpose consist of property, plant and equipment, investment in subsidiary unquoted investment and intangible assets.

32 Information relating to employees

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

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Management	10	7	9	7
Construction	221	163	208	163
Administrative staff	27	23	26	23
	258	193	243	193

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

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
130,001 - 150,000	-	-	-	-
150,001 - 200,000	-	-	-	-
200,001 - 350,000	-	-	-	-
350,001 - 400,000	-	20	-	20
400,001 - 420,000	-	-	-	-
420,001 - 500,000	11	5	11	5
500,001 - 600,000	2	34	2	34
600,001 - 650,000	2	10	2	10
650,001 - 750,000	51	20	49	20
750,001 - 1,200,000	65	37	62	37
1,200,001 - 2,000,000	39	23	37	23
2,000,001 - 2,600,000	39	19	34	19
2,600,001 - 3,500,000	21	12	19	12
3,500,001-4,500,000	18	10	18	10
4,500,000 and above	10	3	9	3
	258	**193**	**243**	**193**

Directors' mix	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Executive	3	3	3	3
Non-Executive	4	4	4	4
	7	**7**	**7**	**7**

33 Contingent liabilities

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Advance payment guarantee □ First City Monument Bank	-	323,093	-	323,093
Advance payment guarantee □ First Bank of Nigeria Limited	-	349,802	-	349,802
Advance payment guarantee □ United Bank for Africa	74,918	311,635	74,918	311,635
Performance bond □ Guaranty Trust Bank	2,260,451	67,812	2,260,451	67,812
	2,335,369	**1,052,342**	**2,335,369**	**1,052,342**

The above guarantees and performance bond are for the benefit of various customers and are held with the financial institutions highlighted above. Also included in contingent liability is N200 million SEC fine against Arbico Plc. This is being negotiated by the Group.

34 Capital Commitment

In the opinion of the directors, there were no capital commitments at 31 December 2018 (2017: Nil).

35 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 31 DECEMBER 2018

	The Group				The Company			
	2018 N'000		2017 N'000		2018 N'000		2017 N'000	
Revenue	4,171,470		4,891,912		4,171,470		4,891,912	
Bought in materials and services	(4,464,848)		(4,433,578)		(4,122,519)		(4,433,578)	
	(293,375)		458,334		48,951		458,334	
Other operating income	47,987		113,244		47,987		113,244	
Value (consumed)/added	**(245,392)**		**571,578**		**96,938**		**571,578**	
Applied as follows:		%		%		%		%
To employees:								
as salaries, wages and other related costs	280,002	(114)	220,830	39	264,264	273	220,830	39
To Government:								
as company taxes	21,002	(9)	45,517	8	21,002	22	45,517	8
Deferred taxation	254,171	(104)	-	-	254,171	200	-	-
Retained for the Group's/ Company's future:								
- Depreciation of property, plant and equipment	277,002	(113)	242,982	43	276,791	285	242,982	43
- Amortisation of intangible asset	210	1	588	1	210	(1)	588	1
- Loss/ (profit) for the year	(1,007,779)	439	61,661	10	(973,671)	(1004)	61,661	10
	(245,392)	**100**	**571,578**	**100**	**96,938**	**100**	**571,578**	**100**

Value (consumed)/added represents the wealth which the Group has been able to (utilize)/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.

One-Year Financial Summary

THE GROUP

	2018 N'000
ASSETS	
Non-current assets	1,501,732
Current assets	5,374,758
Total assets	**6,876,740**
EQUITY AND LIABILITIES	
Share capital	74,250
Share premium	141,184
Asset revaluation surplus	861,934
Accumulated losses	(2,505,543)
Equity attributable to equity holders	(1,428,175)
Non-controlling interests	(770)
Total equity	**(1,428,945)**
LIABILITIES	
Non-current liabilities	1,950,000
Current liabilities	6,335,685
Total liabilities	**8,305,685**
Total equity and liabilities	**6,876,740**
Revenue	**4,171,470**
Operating loss	(805,214)
Loss before tax	(802,606)
Income tax expense	(275,173)
Loss for the year	(1,077,779)
Total comprehensive loss for the year, net of tax	(1,077,779)
Equity holders of the parent	(1,076,738)
Non-controlling interest	(1,041)
Basic (loss)/earnings per share (Naira)	(7.25)

- Basic/diluted (loss) earnings and net assets per share are based on the number of shares issued and fully paid at the end of each year - Basic /diluted (loss) earnings per share are based on (loss)/profit after taxation attributable to ordinary equity holders of the parent.

There is no comparative figure as this is the first period of consolidation as Arbico FZE was incorporated in May 2018.

Five-Year Financial Summary

THE COMPANY

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
ASSETS					
Non-current assets	1,526,870	1,355,839	1,188,904	1,306,800	1,468,586
Current assets	5,453,707	3,996,157	2,738,887	3,225,383	2,988,867
Total assets	**6,980,577**	**5,351,996**	**3,927,791**	**4,532,183**	**4,457,453**
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
Accumulated losses	(2,402,475))	(950,214)	(1,011,875)	(1,004,182)	(1,275,416)
Total equity	**(1,325,107)**	**127,154**	**65,493**	**73,186**	**(198,048)**
LIABILITIES					
Non-current liabilities	1,950,000	1,950,000	2,116,541	2,116,541	2,115,217
Current liabilities	6,335,684	3,274,842	1,745,757	2,342,456	2,540,284
Total liabilities	**8,305,684**	**5,224,842**	**3,862,298**	**4,458,997**	**4,655,501**
Total equity and liabilities	**6,980,577**	**5,351,996**	**3,927,791**	**4,532,183**	**4,457,453**
Revenue	**4,171,470**	**4,891,912**	**3,413,465**	**4,516,384**	**3,717,604**
Operating (loss)/profit	(703,106)	106,839	39,898	332,813	(246,117)
(Loss)/ profit before tax	(698,498)	107,178	43,502	341,722	(245,613)
Income tax expense	(275,173)	(45,517)	(51,195)	(70,488)	(7,380)
(Loss)/ profit for the year					
Total comprehensive (loss)/	(973,671)	61,661	(7,693)	271,234	(252,993)
profit for the year, net of tax	(973,671)	61,661	(7,693)	271,234	(252,993)
Basic (loss)/earnings per share (Naira)	(6.56)	0.42	(0.05)	1.83	(1.70)

Note:
Basic (loss)/earnings per share, and net assets per share are based on the number of shares issued and fully paid at the end of each year.

Basic/diluted (loss) earnings per share are based on (loss)/profit after taxation

ARBICO PLC
SHARE CAPITAL HISTORY

DATE	AUTHORIZED		ISSUED AND FULLY PAID UP		CONSIDERATION
YEAR	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	
6/19/1958	40,000	40,000	40,000	40,000	CASH
3/11/1971	360,000	400,000	-	40,000	
6/21/1972	-	400,000	200,000	240,000	SCRIP
6/29/1973	-	400,000	160,000	400,000	SCRIP
4/19/1977	1,600,000	2,000,000	600,000	1,000,000	SCRIP
9/6/1979	-	2,000,000	500,000	1,500,000	CASH
12/16/1980	2,500,000	4,500,000	300,000	1,800,000	SCRIP
1/12/1992	-	4,500,000	450,000	2,250,000	SCRIP
12/12/1995	-	4,500,000	2,250,000	4,500,000	SCRIP
9/24/1998	15,500,000	20,000,000	2,250,000	6,750,000	SCRIP
28/03/2000	30,000,000	50,000,000	38,250,000	45,000,000	SCRIP
31/07/2001	25,000,000	75,000,000	29,250,000	74,250,000	SCRIP

PROXY FORM

Celebrating 60 Years in Construction

ANNUAL GENERAL MEETING OF ARBICO PLC

TO BE HELD ON MONDAY 26 AUGUST 2019
PLOT D, BLOCK 7, INDUSTRIAL CRESCENT, ILUPEJU, LAGOS AT 11.00AM

I ……
of…….....being a member of the above-named Company hereby appoint .....as my proxy to vote for and on my behalf at the Annual General Meeting of the Company to be held on the 26th Day of August 2019 and at any adjournment thereof.

VOTING DIRECTION

S/N	Resolution	For	Against	Abstain
1.	"That the Financial Statements for the year ended 31 December 2018, together with the reports of the Directors, Audit Committee and Auditors thereon be and are hereby adopted"			
2.	That SIR KESINGTON ADEBUTU, a director retiring at this meeting be and is hereby re-elected a Director of the Company."			
3.	That MR. ALKIMOS MAKARONIDIS, a director retiring at this meeting be and is hereby re-elected a Director of the Company."			
4.	That, MR. AZUBUIKE OKPALAOKA, ELDER N.C.U. OKORO, MR. ADEMOLA OLUGBOYEGA, MR. AFOLABI AIYEOLA, MR. VITALIS ANYIAM, and MR. EYO ASUQUO be and are hereby elected as members of the Audit Committee of the Company"			
5.	"That the firm of ERNST & YOUNG be re-appointed as Auditors of the Company and that the remuneration of the auditors be fixed by the Board of Directors of the Company".			
6.	That the appointment of MR. FIDELIS AJAYI to the Board of Directors of the Company be and is hereby ratified"			
7.	That the director's remuneration of the Directors			

Please Indicate with "X" in the appropriate section 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.*			

Signed: ……

Name (in Capital): ……

This ..... day of August 2019

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 AUTHORIZED SIGNATURE AND BANK STAMP

PLEASE COMPLETE AND RETURN TO THE REGISTRARS