arbico®
Since 1958

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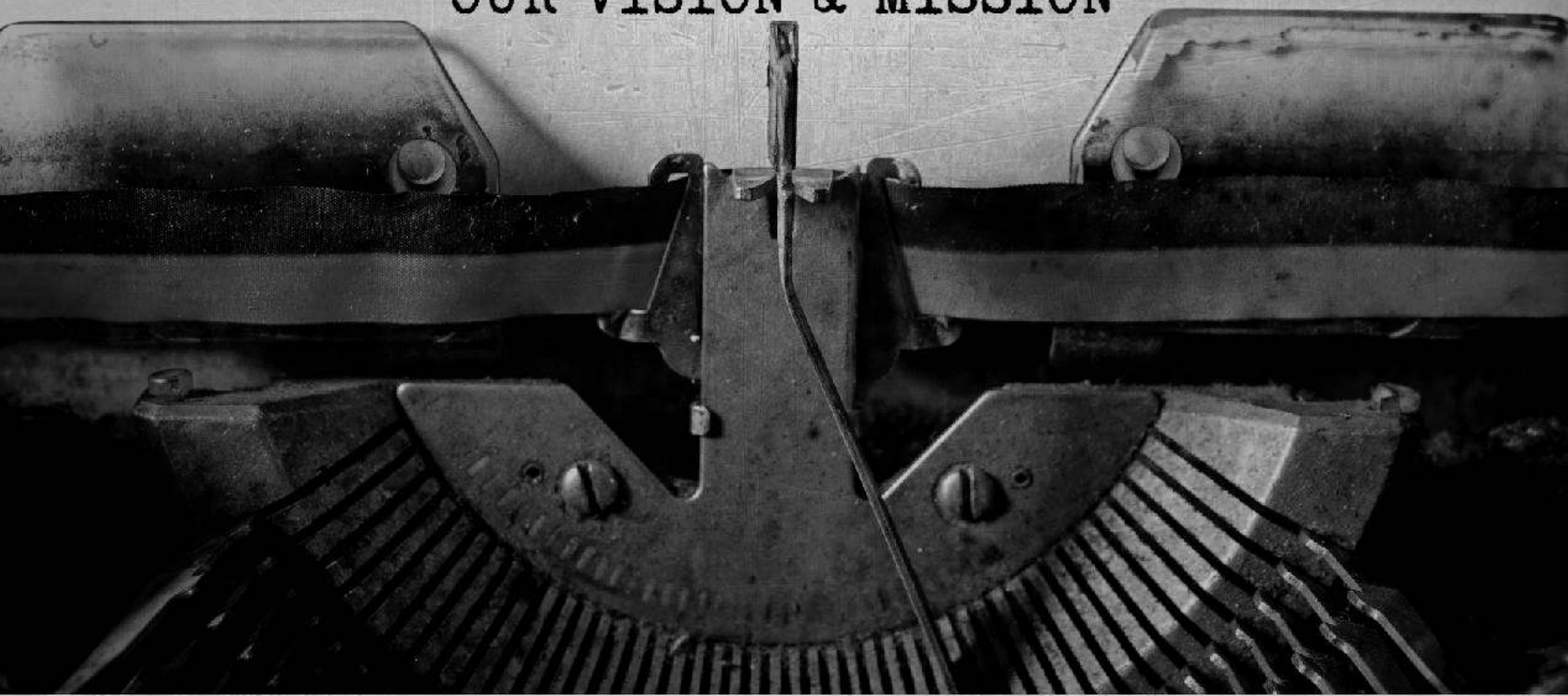
ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2016

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

OUR VISION & MISSION



vision

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

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

RESULT AT A GLANCE

	2016 N'000	2015 N'000
Revenue	**3,413,465**	4,516,384
Profit/(Loss)before Tax	**43,502**	341,722
Profit/(Loss)after Tax	**(7,693)**	271,234
Earnings Per Share (kobo)	**(0.05)**	1.85
Dividend Per Share (kobo)	**Nil**	Nil

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a meeting of the Members of ARBICO PLC is scheduled to hold on Thursday, 27th July, 2017 at Plot D, Block 7 Industrial Crescent, Ilupeju, Lagos State at 11.00am to transact the following businesses:

AGENDA:

ORDINARY BUSINESS:

1. Presentation of audited financial statements for the year ended 31 December 2016 and the reports of the Directors and Auditors thereon;
2. Retirement of Directors by rotation and the election of Directors in place of those retiring;
3. Appointment and fixing of remuneration for the Auditors; and
4. Election of Audit Committee.

NOTE:

Proxy: A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his place. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed, stamped and deposited to the registered office of the company at Plot D, Block 7, Industrial Crescent, Ilupeju Lagos, not less than 48 hours before the time fixed for holding the meeting.

Closure of Register of Members: For the purpose of attendance at the Annual General meeting, the Register of members will be closed from 30th June 2017.

Election of Audit Committee: In accordance with Section 359(5) of the Companies and Allied Matters Act [cap C20, Laws of the Federation of Nigeria, 2004, a nomination (in writing) by any member or a shareholder for appointment to the Audit Committee should reach the Company Secretary at least 14 days before the date of the Annual General Meeting.

'Rights of Securities' Holders to ask Questions: Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before 17th day of July 2017

DATED THE 27TH DAY OF JUNE 2017

Olaniwun Ajayi LP

OLANIWUN AJAYI LP

CORPORATE INFORMATION

DIRECTORS

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

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

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

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

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

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Ladies and Gentlemen,

I am delighted to welcome you all to the 2017 Annual General Meeting of Arbico plc and permit me to present to you Reports and Financial Statements for the year ended December 31, 2016. The Annual Financial Statement was prepared in accordance with the International Financial Reporting Standard (IFRS).

A lot transpired in the year under review and I will like to start by bringing to your attention some of the key events in our operating environment that impacted on our performance.

Economic Outlook

In 2016, a number of factors significantly impacted business activities and economic growth and continued to be a cause for deep concern to businesses. Nigeria's economy slipped into recession for the first time in more than three decades, reflecting adverse economic shocks, inconsistent economic policies, and unrelenting security problems in the North East and Delta regions.

There was a considerable reduction in government revenues and spending throughout the year, which was as a result of the sharp decline in the price of crude oil and low crude oil production volumes arising from the disruptive activities of the Niger Delta militants.

This meant limited resources for capital expenditure and a huge reduction in federal allocations to states. Therefore, many states were unable to pay salaries to civil servants and outstanding bills to local contractors leading to a general lull in economic activities and reduction in consumer spending.

The operating environment was also adversely affected by the knock-on effects of foreign exchange controls introduced by the CBN in 2015, especially the foreign exchange restriction on 41 items. This led to severe scarcity of supply of foreign currencies and eventually resulting in currency devaluation. The forex shortages meant that many companies were unable to pay foreign suppliers for goods and services or had to do so at very expensive rates.

The forex situation came with attendant negative impact on interest rates which had implications on finance costs, supply of raw materials and machinery.

The Construction Sector

Distinguished shareholders, the construction industry was gravely affected by the contractionary effects of the recession. In spite of the initial bullish projections, the industry suffered a major setback due to the poor implementation of the budget in the face of dwindling revenue from crude oil production, and the government's inability to fund the implementation of the budget. The strong inflationary pressure led to astronomical increase in the prices of goods and services causing inflation to soar to a six-year high of 15.6%; prices of consumer goods went as high as 19% with basic services increasing by about 20%. Most companies, in a bid to stay alive, operated below capacity and this resulted in job losses across the country. The very high inflation rate, growing unemployment, reduced consumer spending, reduced government spending on capital expenditure items and other debilitating economic factors negatively impacted the performance of the construction sector including Arbico Plc in the 2016 financial year. The impact of this extremely challenging operating environment is reflected in the loss after taxation recorded by the Company for the same period.

Arbico in view

Arbico Plc was not spared in the interplay of these harsh business environment realities. The initial projections of revenue growth in 2016 were based on projects that the company had hoped would commence during the year, but were placed on hold by clients with precautionary intent. Despite the award of a few projects in 2016, the company's turnover dipped from N4.516Billion in 2015 to N3.413Billion in 2016, as clients were unwilling to commit funds based on the aforementioned realities.

To ensure a healthy company and sustain her going concern status, the Management and Board had to re-strategize and focus on better service delivery for on-going projects while sourcing for private sector focused projects. The need to diffuse the public sector risk cannot be overemphasized. Strategic steps to ensure operational efficiency were also taken by introducing cost control measures and eliminating redundancy.

Conclusion

The company's outlook for 2017 is hinged on Nigeria's projected economic outlook for 2017 which expects a moderate economic recovery with real GDP projected to grow at 2.2% spurred by increased infrastructure spending and restoration of oil production capacity. In view of this, the Board would like to reassure you of its unwavering commitment to restore the company to the path of profitability.

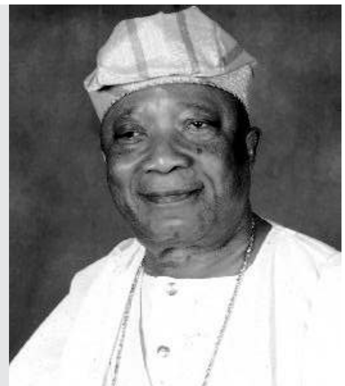
As we move forward to the next year with high expectations, I use this opportunity to thank all our shareholders and clients for their support throughout the year.

I would also like to commend the collective efforts of fellow Board members, management and all employees for their hard work throughout the year. I am confident that despite the challenges we might face in the coming years, the support, passion and commitment we put in our work will undoubtedly make the company the pride of the industry.

Thank you.

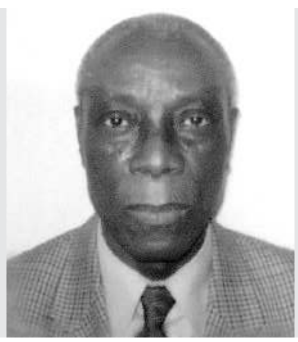
Chief Kesington A. Adebutu
Chairman, Board of Directors

BOARD OF DIRECTORS



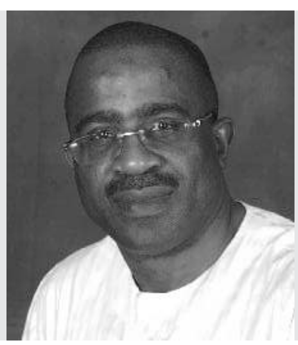
Sir. Kesington A. Adebutu
Chairman, Board of Director

Alkimos Makaronidis
Managing Director



Elder N.C.U. Okoro

Otunba Ositade Aranmolate



Adebisi Adebutu

Afolabi Aiyeola

Eyo Asuquo

HEALTH, SAFETY & ENVIRONMENT (HSE) REPORT

HEALTH
In 2016, Arbico Plc implemented a Health Management System which is applicable to all its offices and site locations. Related to the promotion of health and safety, the objective was to ensure that all employees of Arbico Plc are not only healthy but also working in safe and clean environments. The Health Management System covers all staff and their family members.

In the course of the year, the Company continued monitoring its employees' health status and emergency support services. It also conducted an anti-alcohol/drug and smoking campaign to raise awareness of the health impact of smoking.

Likewise, internal health audits were carried out at site locations and the head office to ensure compliance with the Health Management System.

SAFETY
The HSE management systems implementation programme continued successfully in accordance with corporate standards in 2016.

The process for ISO 19001-2015 corporate certification began in the third quarter of the year under review. External and internal awareness programmes were held in the head office and site locations for all staff and sub-contractors.

Four Arbico staff were trained and certified as QMS Lead Auditors by International Register of Certificated Auditors (IRC).

On implementation and investment projects, HSE Audits and Surveys were conducted on sites and subcontractors' premises, safety meetings were organized and specific safety documentation prepared. An interface was created between site and project management, and between site and client management.

In response to HSE training requirement, personnel working on projects were inducted and trained on health and safety, risk prevention and protection measures.

2016 saw a total man-hour of 1,454,978 without Loss Time Injury (LTI) wastes.

THE ENVIRONMENT
In 2016, Arbico Plc continued to work towards reducing and minimizing environmental impacts

through the development, implementation and continuous improvement of its management system and rigorous auditing and training activities.

The main activities carried out during the year were as follows:

1. Regular environmental management awareness campaigns
2. All wastes generated were collected, segregated and disposed according to approved-government standard
3. Arbico Plc, in conjunction with the Lagos State Ministry of Environment, embarked on canal rehabilitation at the Ilupeju axis to control flooding as one of its social responsibilities to the host community.

QUALITY

2016 saw Arbico Plc continue to fulfil its commitment to ensuring the implementation of the Quality Assurance Policy in the management of projects and in the coordination of organizational processes.

With the direct involvement of top management, significant progress was made in defining improvement targets, identifying indicators for monitoring the performance of organizational processes and projects, and the use of continuous measurement of client satisfaction levels.

To ensure compliance with customer requirements and the international standard ISO 19001-2015, innovative project quality management and quality control tools were implemented.

2016 saw the following initiative:
1. Training and certification of four QMS Lead Auditors
2. Reviewed of Quality Assurance Policy
3. Reviewed of Quality Management System Manual.

Alkimos Makaronidis
Managing Director

REPORT ON **RISK MANAGEMENT**

Having the understanding of the nature of common sources of risks in construction industry, it is our culture to take precautionary measure before the occurrence of the risk so as to drastically minimise if not totally eliminate the negative effect of the risk.

A lot of effort has been put in place to ensure risk awareness programme is organised from time to time for all members of staff at all levels including the new employees emphasizing the major sources of risks such as:

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

Each project is distinctively executed after careful identification of the most likely risks affecting the project and documentation of characteristics of each risk as may be different from those of other projects.
As a result of proper identification of risks pertaining to each project, Arbico Plc is able to quantify the risks in order to evaluate the possible outcomes of the project.
In light of these, we have been able, in most of our projects, to manage every of the following project associated risks:

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

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

MANAGEMENT RELATED RISKS:
- Uncertain productivity of resources
- Industrial relations problems

ENVIRONMENTAL RISKS:
- Weather and seasonal implications
- Natural disasters

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

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

Alkimos Makaronidis
Managing Director

COMPLAINANT MANAGEMENT POLICY

Arbico Plc views complaints as an opportunity to learn and improve for the future, as well as a chance to put things right for the person or organization that has made the complaint.

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

Definition of a Complaint

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.

Channels of complaint

A complaint can be received verbally, by phone, by email or in writing. 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.

Complaints Procedure of Arbico Plc

Publicized Contact Details for Complaints:

Written complaints may be sent to Arbico Plc, Plot D Block 7 Industrial crescent Ilupeju Lagos or by e-mail at info@arbico.ng

Alkimos Makaronidis
Managing Director

INSIDER TRADING AND CONFIDENTIALITY POLICY

As a public company, Arbico Plc is subject to various federal and state laws and regulations governing trading in its securities. It is the policy of Arbio Plc (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 commencing 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, nonpublic 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 employees of the Company, unless the other employee needs to know such information in order to fulfill his or her job responsibilities. Under no other circumstances should such information be disclosed to anyone, including family, relatives or business or social acquaintances. In maintaining the confidentiality of the information, the individual in possession of such information shall not affirm or deny statements made by others, either directly or through electronic means, if such affirmation or denial would result in the disclosure of 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 favor of not communicating such information or trading without discussing with the assigned compliance officer or rising with in-house counsel. Questions concerning what is or is not material, non-public information should be directed to the Company's Secretary.

Material, Non-Public Information 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.

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.

Alkimos Makaronidis
Managing Director

2016 **CORPORATE SOCIAL RESPONSIBILITY** REPORT

At Arbico, we strive to be responsible stewards. This means operating with integrity and honouring our commitments to our customers, colleagues and communities. By taking a long-term view, we ensure our actions today will generate a positive impact tomorrow. Arbico sees CSR as a key element in achieving her vision of being the preferred Construction and Civil Engineering Company in Nigeria. In the year 2016, Arbico Plc, continued to improve on two initiatives:

- Apprenticeship Programme
- Health Education

APPRENTICESHIP

The year 2016 witnessed another set of selected Youths enrolled in Kessington Adebukunola Adebutu Foundation (KAAF) Vocational School to learn trades such as Electrical Installation and Plumbing. These individuals successfully graduated from the vocational school and have been absorbed as Apprentice in the Arbico Plc Apprenticeship Programme in order to go through the practical intricacies of the trades. Some other sets of youths were absorbed into the Arbico Plc.

HEALTH EDUCATION

Arbico organised a Health Walk during its Health Week in February 2016. The Health Walk was tagged 'Be Fit; be Active; Be Safe'. The event featured Staff of Arbico Plc. walking round its neighbourhood in order to educate people within the environment of the importance of Exercising and drinking Water.

CAREER FAIR

As part of Arbico commitment to help reduce the rate of unemployment the company participated in the national career fair with the sole aim of identifying young and talented individual into its graduate apprenticeship programme. At the end of the fair some young talent were given opportunity to serve in various capacity in the company after which some where given permanent employment.

Alkimos Makaronidis
Managing Director

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2016

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

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.

The revenue for the year ended 31 December 2016 decreased to N3.41 billion (24.4%) from N4.52 billion in the year ended 31 December 2015.

RESULTS FOR THE YEAR

Comparative highlights of the operational results of the Company for the years ended 31 December 2016 and 2015 are as stated in the table below.

	2016 N'000	**2015 N'000**
Revenue	**3,413,465**	4,516,384
Operating profit/(loss)	**39,898**	332,813
Profit/(loss) before tax	**43,502**	341,722
Profit/(loss) for the year	**(7,693)**	271,234
Total comprehensive income/(loss) for the year, net of tax	**(7,693)**	271,234

DIRECTORS

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

• Chief Kesington Adebutu		Chairman
• Mr. Alkimos Makaronidis	Greek	Managing Director
• Elder N.C.U Okoro		
• Mr. Afolabi Aiyeola		
• Mr. Adebisi Adebutu		
• Mr. Eyo Asuquo		
• Otunba Ositade Aranmolate	Deceased	December 2016

DIRECTORS' INTEREST

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

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

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 13.

SUBSTANTIAL SHARE HOLDING

As at 31 December 2016, the following held 5% or more of the issued capital of the Company:

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

FREE FLOAT REPORT

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

SHARE RANGE ANALYSIS

Range	No of Holders	Percent	Unit	Percent
1 - 500	424	35.4812	123,628	0.08
501 - 5,000	557	46.6109	1,229,674	0.83
5,001 - 10,000	79	6.6109	671,958	0.4
10,001 - 15,000	22	1.841	262,686	0.18
15,001 - 20,000	19	1.59	355,414	0.24
20,001 - 25,000	10	0.8368	240,358	0.16
25,001 - 30,000	13	1.0879	360,144	0.24
30,001 - 35,000	5	0.4184	162,764	0.11
35,001 - 40,000	6	0.5021	230,962	0.16
40,001 - 148,500,000	60	5.0209	144,862,412	97.55
Grand Total	**1195**	**100**	**148,500,000**	**100**

EMPLOYMENT AND EMPLOYEES

Employment of physically challenged Persons
It is the Company'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 Company as at 31 December 2016.

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

Training
The company 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 33, 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 company 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 5,300,000 during the year under review (2015: 1,500,000).

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

AUDITORS

The auditors, Ernst & Young (Chartered Accountants), having indicated their willingness, will continue in office as the Company'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.

31 March 2017

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

THE BOARD

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

COMPOSITION OF THE BOARD

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

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

BOARD ATTENDANCE REPORT

NAME	Designation	Number of meetings	DATES OF MEETING 3rd March	2nd June	1st Sept	13th Dec
Chief Kesington Adebutu	Chairman	4	P	P	P	P
Alkimos Makaronidis	Managing	4	P	P	P	P
Elder N.C.U. Okoro	Director	4	P	P	P	P
Otunba Ositade Aranmolate	Director	4	P	P	P	AB
Mr. Adebisi Adebutu	Director	4	P	P	P	P
Mr. Afolabi Aiyiola	Director	4	P	P	P	P
Mr. Eyo Asuquo	Director	4	P	P	P	P

BOARD COMMITTEES:

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

REMUNERATION /GOVERNANCE COMMITTEE

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

MEMBERSHIP OF THE COMMITTEE:

Elder Nathaniel C.U. Okoro	Chairman
Mr. Adebisi Adebutu	Member
Otunba Tade Aranmolafe	Member
Secretary to the committee	Member

BOARD GOVERNANCE AND REMUNERATION COMMITTEE ATTENDANCE

NAME	Designation	Number of meetings	DATES OF MEETING 23rd Feb	26th May	25th Aug
Elder N.C.U. Okoro	Chairman	3	P	P	P
Mr. Adebisi Adebutu	Member	3	P	P	P
Otunba Ositade Aranmolate	Member	3	P	P	P

RISK MANAGEMENT COMMITTEE

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

MEMBERSHIP OF THE COMMITTEE:

Otunba Tade Aranmolate	Chairman
Mr. Eyo Asuquo	Member
Mr. Afolabi Aiyeola	Member
Mr. Alkimos Makaronidis	Member
Secretary to the committee	Member

RISK MANAGEMENT COMMITTEE ATTENDANCE

NAME	Designation	Number of meetings	DATES OF MEETING 2nd March	25th May	30th Dec
Otunba Ositade Aranmolate	Chairman	3	P	P	P
Mr. Eyo Asuquo	Member	3	P	P	P
Mr. Afolabi Aiyiola	Member	3	P	P	P
Alkimos Makaronidis	Member	3	P	P	P

AUDIT COMMITTEE

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

MEMBERSHIP OF THE AUDIT COMMITTEE:

Mr. Azubuike Okpalaoka	Chairman
Mr. Eyo Asuquo	Member
Mr. Ademola Adegboyega	Member
Elder Nathaniel C.U. Okoro	Member
Mr. Alkimos Makaronidis	Member

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

REPORT OF THE AUDIT COMMITTEE ATTENDANCE

NAME	Designation	Number of meetings	DATES OF MEETING 24th Feb	31st May	26th Aug	8th Dec
Mr. Azubuike Okpalaoka	Chairman	4	P	P	P	P
Mr. Ademola Olugboyega	Member	4	P	P	P	P
Mr. Eyo Asuquo	Director	4	P	P	P	P
Elder N.C.U. Okoro	Director	4	P	P	P	P
Mr. Alkimos Makaronidis	Director	4	P	P	P	AB
Mr.Vitalis Anyiam*	Director	4	N/A	N/A	N/A	P

**was elected in August 2016*

TRADING POLICY

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

COMPLAINT MANAGEMENT POLICY

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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

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

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year ended 31 December 2016. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Board of Directors:

Afolabi Aiyeola
Director
FRC/2015/IODN/00000012842

Eyo Asuquo
Director
FRC/2017/CIBN/00000000016193

31 March 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARBICO PLC

Building a better working world

Ernst & Young
10th Floor,
UBA House
57, Marina
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Lagos Nigeria

Tel: +234 (01) 63 14500
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Email: services@ng.ey.com
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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arbico Plc ("the Company") which comprise the statements of financial position as at 31 December 2016, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Arbico Plc as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, and 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 Company 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 Plc. 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 Plc. 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 for impairment of contract receivables At the year-end the Company had contract receivables of N1.101billion before provisions for impairment of N28.609million.	We tested aged balances where no provision was recognised to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.

Key Audit Matter	How the matter was addressed in the audit
Determination of provision for impairment of contract receivables The construction industry continues to be impacted by certain macroeconomic challenges meaning that the Company experienced uncertainty over the collectability of contract receivables from specific customers. The determination as to whether a contract receivable is collectable involves management judgement. Specific factors considered by management include the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.	We selected a sample of the larger contract receivable balances where a provision for impairment of contract receivables was recognised and understood the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available. In assessing the appropriateness of the overall provision for impairment we considered the consistency of management's application of policy for recognising provisions with the prior year. Specifically we considered: i) how much of prior years' provisions had been utilised for bad debt write offs during the year; and ii) prior year provision amounts released where a customer had paid. From the work we have performed we consider the level of provisioning to be acceptable.
Revenue recognition under long term contract accounting We focused on the recognition of revenue because where long term contract accounting is used, estimates and judgements are made in determining the amount of revenue to be recorded. The recognition of revenue is largely dependent on the estimated stage of completion of each contract which is determined based on the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. As these contracts sometimes span a number of reporting periods, changes in the estimate 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 recognised under long term contract accounting as follows: • Tested the calculation of stage of completion including testing the costs incurred and recorded against the contract for occurrence and accuracy, assessing the basis for determining the total contract cost and reperforming the percentage of completion calculation. • Agreed that the revenue recognised was consistent with the calculated stage of completion. • Tested whether the work allocated to contracts had been carried out in the period in which the revenue had been recognised. • For raw materials in stock at year end and allocated to contracts, tested to confirm that these were made specifically for the contract and therefore that revenue was recorded in the appropriate period. • Assessed the estimates of costs to complete for major contracts and also assessed the historical accuracy of the estimates of total contract costs. • Examined any loss making contracts to determine the level of provisioning required and also assessed the actual profit or loss achieved on contracts that completed in the year compared to the forecast position in the prior year. 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, 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 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, 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.

Responsibilities of the Directors for the Financial Statements
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 Company 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 Company 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 Company, in so far as it appears from our examination of those books; and
iii) The Company'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

31 March 2017

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31ST DECEMBER , 2016

We have examined the Auditors' Report for the year ended 31 December 2016 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 Company, for the year ended 31 December 2016, and the reports thereon, and hereby state as follows:

1. The accounting and reporting policies of the Company 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 Company's system of accounting and internal controls was adequate.

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

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

Members of Audit Committee

Mr. Azubuike Okpalaoka	Chairman
Mr. Eyo Asuquo	Member
Mr. Ademola Adegboyega	Member
Elder Nathaniel C.U. Okoro	Member
Mr. Alkimos Makaronidis	Member
Mr.Vitalis Anyiam	Member

Note: The Chairman of the Statutory Audit Committee, not being a Professional member of an Accounting body established by the Act of the National Assembly in Nigeria, was granted a waiver by the Financial Reporting Council of Nigeria to sign the Report of the Audit Committee.

CERTIFICATE OF ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2016

Pursuant to Section7 (2) of the FRCN Act, 2011, we have reviewed the Annual Reports and Financial Statements of Arbico Plc for the year ended December 31, 2016.Based on our knowledge, our Financial Statements do not contain any untrue statement of a material fact or omit to state a material fact necessary and are not misleading with respect to the period covered by the report.

The Company's Code of conduct and Business Best Practices formulated by the Board has been implemented as part of the corporate governance practices of the Company throughout the period of intended reliance and the Directors and Key Executives of the Company had acted honestly, in good faith and in the best interests of the whole Company. Our Financial Statements, and other financial information included therein, fairly present in all material respects the financial condition, results of operations and cash flows of the company as at and beyond the period presented in the Financial Statements.

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls (as required by Section7(2) (f) of the FRCN Act, 2011) and have designed such internal controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this report is being prepared. The controls, which are properly designed, have been operating effectively in the period of intended reliance.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief the information contained in the Financial Statements of our company for the year ended December 31, 2016, appear to be true, correct and up to date.

Afolabi Aiyeola
Director
FRC/2015/IODN/00000012842

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 N'000	2015 N'000
Revenue	6	3,413,465	4,516,384
Cost of sales	7	(2,672,318)	(3,537,113)
Gross profit		**741,147**	**979,271**
Other operating income	8	61,280	37,510
Administrative expenses	9	(762,529)	(683,968)
Operating (loss)/profit		**39,898**	**332,813**
Finance income	10	3,604	8,909
Profit/(Loss) before tax		**43,502 3**	**41,722**
Income tax expense	11	(51,195)	(70,488)
Profit/(Loss) for the year		**(7,693)**	**271,234**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year, net of tax		**(7,693)**	**271,234**
Earnings per share			
Basic and diluted, earnings/(**loss**) for the year attributable to ordinary equity holders of the Company (Naira)	12	(0.05)	1.83

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 N'000	2015 N'000
ASSETS			
Non-current Assets			
Property, plant and equipment	13	1,136,701	1,254,706
Intangible assets	14	1,049	940
Unquoted investment	15	2,000	2,000
Deferred tax asset	11	49,154	49,154
		1,188,904	1,306,800
Current Assets			
Inventories	16	11,497	10,228
Amounts due from customers for contract work	17	487,287	610,594
Trade and other receivables	18	1.949,509	2,061,188
Prepayments	19	4,881	12,733
Cash and bank balance	20	285,713	530,640
		2,738,887	3,225,383
Total assets		**3,927,791**	**4,532,183**
EQUITY AND LIABILITIES			
Equity			
Issued capital	21	74,250	74,250
Share premium	21	141,184	141,184
Asset revaluation surplus		861,934	861,934
Accumulated losses		(1,011,875)	(1,004,182)
Total equity		**65,493**	**73,186**
Non-current liabilities			
Advance from customers	17	166,541	166,541
Share deposit	22	1,950,000	1,950,000
		2,116,541	**2,116,541**
Current Liabilities			
Amounts due to customers for contract work	17	-	41,476
Advance from customers	17	299,419	618,041
Trade and other payables	23	1,395,143	1,612,417
Income tax payable	11	51,195	70,522
		1,745,757	**2,342,456**
Total liabilities		**3,862,298**	**4,458,997**
Total equity and liabilities		**3,927,791**	**4,532,183**

These financial statements were approved by the board of directors on 31 March 2017.

Afolabi Aiyeola	**Eyo Asuquo**	**Aderemi Idowu G**
Director	Director	Financial Officer
FRC/2015/IODN/00000012842	FRC/2017/CIBN/00000000016193	FRC/2016/ICAN/00000014416

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Issued capital (Note 21) N'000	Share premium (Note 21) N'000	Asset revaluation surplus N'000	Accumulated losses N'000	Total N'000
As at 1 January 2016	74,250	141,184	861,934	(1,004,182)	73,186
Loss for the year	-	-	-	(7,693)	(7,693)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(7,693)	(7,693)
At 31 December 2016	**74,250**	**141,184**	**861,934**	**(1,011,875)**	**65,493**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

As at 1 January 2015	74,250	141,184	861,934	(1,275,416)	(198,048)
Profit for the year	-	-	-	271,234	271,234
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	271,234	271,234
At 31 December 2015	**74,250**	**141,184**	**861,934**	**(1,004,182)**	**73,186**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 N'000	2015 N'000
Operating Activities			
Profit/ (loss) before tax		43,502	341,722
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	13	235,209	276,838
Amortisation of intangible asset	14	733	1,878
Net foreign exchange difference	9	29,822	26,002
Profit on disposal of property, plant and equipment	8	(1,589)	(157)
Finance income	10	(3,604)	(8,909)
Bad debt	9	72,478	-
Impairment of receivable	9	28,609	-
Working Capital Adjustments			
(Increase)/ decrease in trade and other receivables		(1,412,419)	100,144
Decrease/ (Increase) in prepayments		3,886	(15,725)
Decrease/ (Increase) in inventories		7,872	(15,460)
Decrease/ (increase) in amounts due from customers for contract work		1,142,369	(1,537,094)
Increase in trade and other payables		258,074	1,358,985
(Decrease)/increase in advance from customers		(554,515)	886,170
Increase in amounts due to customers for contract work		36,795	4,681
		(89,836)	119,437
Income tax paid	11	(12,416)	-
Net cash flows from operating activities		**(102,252)**	**119,437**
Investing activities			
Purchase of property, plant and equipment	13	(117,415)	(117,369)
Purchase of intangible asset	14	(842)	-
Finance income		3,604	8,909
Proceeds from sale of property, plant and equipment		1,800	596
Advance payment in fixed deposit (restricted)		112,684	(52,469)
Net cash flows used in investing activities		**(169)**	**(160,333)**
Net decrease in cash and cash equivalents		(102,421)	(40,897)
Net foreign exchange difference		(29,822)	(26,002)
Cash and cash equivalents at the beginning of the year		310,878	377,777
Cash and cash equivalents at the end of the year	**20**	**178,635**	**310,878**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. Corporate information

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

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

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), 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.

3. Summary of significant accounting policies

3.1 Foreign currency translation

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

i) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

3.2 Revenue recognition

3.2.1 Construction Contracts

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

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

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

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on 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.

3.2.2 Interest income

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

3.2.3 Income from rentals of equipment

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

3.2.4 Investment income

Investment income comprises realised and unrealised gains on investments, interest income and dividend income. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income is recognised when the right to receive payment is established.

3.3 Gross amount due from customers

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

3.4 Advance payments received

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

3.5 Property, plant and equipment (PPE)

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

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

3.5.1 Revaluation Policy

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. 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.

3.5.2 Category of PPE

The Company has divided its PPE to the following category:

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

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

3.5.3 Depreciation

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

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

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

Depreciation table
Motor Vehicle

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

I.T Infrastructures

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

Depreciation rate for Building

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

Depreciation rate for Land

Components	Useful Life	Deprecation Rate
Land	100 years	1%

Office Furniture and Equipment

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

Plant Tools and Equipment

	Engine %	Body %	Camaya Belt %	Sail %	Interior %	Electrical Motor %	Mixer %	Cable %	Gear Box %	Pump /jack %	Chassis %	Host %	Bucket %	Alter -nator %	Stand %	Roller %	Operating Panel %	Control room %	Water tank %
JCB Machine	25	20	-	-	-	-	-	-	-	-	20	20	-	-	-	-	-	-	-
Mixer	25	-	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	10	-
Double Drum Roller	25	20	-	-	-	-	-	-	25	-	20	-	-	-	-	20	-	-	-
Genarator	25	-	-	-	-	-	-	-	-	-	-	-	-	25	-	-	-	-	-
Levelling Instrument	50	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Power Fluting Machine	50	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Battery Charging machine	50	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Scaffolding	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jack Hammer	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vibrator Machine	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dumber	25	20	-	-	-	-	-	-	25	-	25	-	20	-	-	-	-	-	–
Tower Crane	-	20	-	-	-	25	-	25	-	-	-	-	-	-	-	-	25	-	-
Mobile Crane	25	20	-	-	20	-	-	-	50	-	-	25	-	-	-	-	-	-	-
Batching Plant	-	-	25	20	-	-	20	-	-	25	20	-	-	-	20	-	-	-	25

3.5.4. De recognition (retirements and disposals)

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

3.5.5. Intangible assets

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

3.5.6. Amortisation and derecognition of intangible assets

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

3.6. Financial Instruments

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

3.6.1. Financial assets

Nature and Subsequent measurement
The Company's financial assets include 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:

3.6.1.1 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 the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The company 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.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

3.6.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses for receivables.

3.6.1.3 Trade receivable

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

3.6.1.4 Cash and short term deposit

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

3.6.2 De-recognition of financial assets

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

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

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

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

3.6.3 Impairment of Financial Assets

3.6.3.1 Financial assets carried at amortised cost

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

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.6.3.2 Financial assets carried at fair value

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

3.6.4 Financial Liabilities

3.6.4.1 Initial recognition and measurement

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

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

3.6.4.2 Financial Liabilities-Subsequent measurement

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

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

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

3.6.4.3 De-recognition of financial liabilities

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

3.6.5 Offsetting of financial instruments

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

3.6.6 Fair value of financial instruments

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

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

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

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

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

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

3.7 Employees Benefits

3.7.1 Pension fund obligations

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

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be sold within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 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 reporting period.

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

3.13 Impairment of non-financial assets

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

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

4. Significant accounting judgements, estimates and assumptions

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

Judgments other than estimates

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

4.1 Revenue recognition

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

4.2 Impairment of non-financial assets

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

4.3 Taxes

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

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

4.4 Review of the useful lives of tangible assets

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

5a. Standards that became effective on 1 January 2016

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Company as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Company, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Company as it does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively

IFRS 7 Financial Instruments: Disclosures

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

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Company as it does not prepare interim financial reporting.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated

financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Company as the Company does not prepare consolidated financial statements.

5b) Standards issued but not yet effective

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

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group does not anticipate early adopting IFRS 15 and is yet to evaluate its impact.

IFRS 16 – Leases
IFRS 16 – Leases was issued in January 2016 and will replace IAS 17 – Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The accounting treatment of leases by lessees will change fundamentally based on the new standard. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.

The Company is currently assessing the impact of the standard.

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.

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not expected to have any impact on the Company as the Company does not have share-based payment scheme.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation
Or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2018, Early application of the amendments is permitted and must be disclosed.

		2016 N'000	2015 N'000
6	**Revenue**		
	Construction contracts	**3,413,465**	**4,516,384**
7	**Cost of sales**		
	Contract expenses	2,320,245	3,287,304
	Depreciation of plant, tools and equipment	171,145	199,493
	Project technical expenses	65,099	50,316
	Expatriate salary	115,829	-
		2,672,318	**3,537,113**

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

		2016 N'000	2015 N'000
8	**Other operating income**		
	Profit on sale of property, plant and equipment	1,589	157
	Insurance claim	-	5,275
	Other income	8,431	1,559
	Rent income	46,073	27,148
	Sale of scraps	5,187	3,371
		61,280	**37,510**

Other income refers to sale of diesel.

		2016 N'000	2015 N'000
9	**Administrative expenses**		
	Audit fee	8,000	8,000
	Advertisement and communication	9,620	6,303
	Amortization of intangible asset	733	1,878
	Bank charges	15,151	28,466
	Depreciation of property, plant & equipment	64,064	77,345
	Donations and subscriptions	6,081	1,500
	Directors' remuneration	-	-
	Employee benefits expense (Note 9a)	193,729	191,600
	Exchange loss - unrealised	29,822	26,002
	Exchange loss – realised	33,633	-
	Head office Expenses	401,696	342,874
		762,529	**683,968**
9a	**Employee benefit expense**		
	Salaries & wages	168,635	144,085
	Pension cost	11,883	25,871
	Medical	7,322	13,950
	Staff training	1,889	2,591
	Staff welfare	2,959	5,103
	Labour	1,041	-
		193,729	**191,600**
10	**Finance income**		
	Interest on short term deposits	**3,604**	**8,909**

11 Income tax

The major components of income tax expense for the year ended 31 December 2016 and 31 December 2015 are:

	2016 N'000	2015 N'000
Profit or loss		
Current income tax:		
Current income tax charge	42,753	58,073
Education tax	8,442	12,415
	51,195	**70,488**
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in profit or loss	**51,195**	**70,488**

Reconciliation between tax expense and the product of accounting profit for the year ended 31 December 2016 is as follows:

	2015 N'000	2014 N'000
Accounting profit before tax	43,502	341,722
At Nigeria's statutory income tax rate of 30% (2015: 30%)	13,051	102,517
Education tax	8,442	12,416
Non-deductible expenses	114,127	83,718
Effect of tax incentives – Utilised capital allowance	(84,425)	(115,883)
Effect of tax loss	-	(12,280)
Income tax expense reported in profit or loss	**51,195**	**70,488**

The effective tax rate for 2016 is 118% (2015: 21%))

Reconciliation of current income tax liabilities

As at 1 January	**70,522**	**7,380**
Charge for the year	51,195	70,488
Payment during the year	(12,416)	-
Withholding tax off-set	(58,106)	(7,346)
As at 31 December	**51,195**	**70,522**

Deferred tax
Deferred tax relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2016 N'000	**2015 N'000**	**2016 N'000**	**2015 N'000**
Property, plant and equipment	49,154	49,154	-	-
Net deferred tax asset	**86,892**	**49,154**	**-**	**-**

Deferred tax income

Reflected in the statement of financial position as follows:

	2016 N'000	2015 N'000
Deferred tax assets	49,154	49,154
Deferred tax liabilities	-	-
Deferred tax liabilities, net	**49,154**	**49,154**

Reconciliation of deferred tax asset, net

	2016 N'000	2015 N'000
As at 1 January	**49,154**	**49,154**
(Charge)/Credit for the year	-	-
As at 31 December	**49,154**	**49,154**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The company has, accordingly, recognised a deferred tax asset of N86.89 million (2015: N49.15 million) relating to net deductible temporary difference that are considered to be realisable against the Company's taxable profits, which is expected to arise in future periods.

The Company's retained earnings as at the end of the year reflects a negative value due to loss made. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits. The unrecognised portion of deferred tax assets as at 31 December 2016 is N37.74 million (2015: N28.77 million).

12 Basic earnings per share

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

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

	2016 N'000	2015 N'000
Net profit/(loss) attributable to ordinary equity holders	(7,693)	271,234
Average number of ordinary shares in issue	148,500	148,500
Basic and diluted earnings/(loss) per share (Naira)	(0.05)	1.83

13. Property, plant and equipment

	Land & building N'000	Plant, tool & equipment N'000	Motor vehicles N'000	Office furniture & equipment N'000	IT infrastructure N'000	Total N'000
Cost/revaluation:						
At 1 January 2015	**733,500**	**838,250**	**307,663**	**1,395**	**25,728**	**1,906,536**
Additions during the year	-	94,867	20,325	-	2,177	117,369
Disposals during the year	-	-	(2,430)	-	-	(2,430)
At 31 December 2015	**733,500**	**933,117**	**325,558**	**1,395**	**27,905**	**2,021,475**
Additions during the year	-	114,070	1,440	1,221	684	117,415
Disposals during the year	-	(389)	(10,892)	-	-	(11,281)
At 31 December 2016	**733,500**	**1,046,798**	**316,106**	**2,616**	**28,589**	**2,127,609**
Depreciation						
At 1 January 2015	**29,340**	**303,877**	**140,771**	**318**	**17,616**	**491,922**
Charge for the year	7,335	199,493	65,184	279	4,547	276,838
Disposals for the year	-	-	(1,991)	-	-	(1,991)
At 31 December 2015	**36,675**	**503,370**	**203,964**	**597**	**22,163**	**766,769**
Charge for the year	7,335	171,145	53,627	327	2,775	235,209
Disposals for the year		(331)	(10,739)			(11,070)
At 31 December 2016	**44,010**	**674,184**	**246,852**	**924**	**24,938**	**990,908**
Carrying value:						
At 31 December 2015	**696,825**	**429,747**	**121,594**	**798**	**5,742**	**1,254,706**
At 31 December 2016	**689,490**	**372,614**	**69,254**	**1,692**	**3,651**	**1,136,701**

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

14 Intangible Assets

	Computer software N'000
Cost :	
At 1 January 2015	10,647
Additions during the year	-
At 31 December 2015	10,647
Additions during the year	842
At 31 December 2016	**11,489**
Amortisation	
At 1 January 2015	7,829
Charge for the year	1,878
At 31 December 2015	9,707
Charge for the year	733
At 31 December 2016	**10,440**

Carrying value:	
At 31 December 2015	**940**
At 31 December 2016	**1,049**

15 Unquoted Investment

Arbico Plc acquired 2,000,000 units of ordinary shares of N1 each in Home Trust Limited, which is involved in building and management of properties, in 2006. As at 31 December 2015, Arbico Plc holds less than 20% of the equity interest of Home Trust Limited. Home Trust Limited is a private entity that is not listed on any public exchange. In line with IAS 39.46c, the investment is measured at cost since the Company's equity is not quoted in an active market and the fair value of the asset cannot be reliably measured. The company has no intention to dispose this investment in the foreseeable future.

16 Inventories

	2016 N'000	2015 N'000
Construction materials	**11,497**	**10,228**

There was no inventory write-off during the year ended 31 December 2015 (2014: Nil).

17 Construction contracts in progress

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

	2016 N'000	2015 N'000
Costs incurred for period	2,678,614	3,537,113
Recorgnised profits	734,851	979,271
Contract revenue for the period	3,413,465	4,516,384
Less progress billings and advances	(3,495,296)	(5,695,548)
	(81,831)	(1,179,164)
Brought forward	569,118	1,748,282
Carried forward	487,287	569,118
Amounts due from customers for contract work	487,287	610,594
Amounts due to customers for contract work	-	(41,476)
Construction contracts in progress, net position	487,287	569,118
Aggregate amount of costs incurred and recognised profits (less losses) to date	15,947,096	12,533,631
Retention assets	429,426	409,220
Advances received:		
Current	299,419	618,041
Non-current	166,541	166,541

Retention asset is reported as part of trade receivables.

18 Trade and other receivables

	2016 N'000	2015 N'000
Contract receivables	1,100,748	1,294,706
Retention receivable	429,426	409,220
Due from related party (Note 18.1)	13,309	11,752
Impairment of receivables (Note 18,3)	(28,609)	-
	1,514,874	1,715,678
Other receivables (Note 18.2)	434,635	345,510
	1,949,509	2,061,188

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

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

There was no impairment on trade and other receivables as at the end of the reporting period. Impairment of trade receivables is based on management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customer to pay. Based on management assessment, no event has occurred since the initial recognition of these assets that may give rise to any objective evidence of impairment.

As at 31 December 2016, the ageing analysis of contract and retention receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
			0-1 year	1-3 year
	N'000	N'000	N'000	N'000
2016	1,501,565	-	1,501,565	-
2015	1,703,926	-	1,367,350	336,576

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

18.1 Due from related party

	2016 N'000	2015 N'000
Tranos Contracting Limited	13,309	11,752

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

18.2 Other receivables

	2016 N'000	2015 N'000
Staff receivable	572	541
Withholding tax receivable	371,886	344,969
Service receivable	25,779	-
Deposit for materials	36,398	-
	434,635	345,510

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

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

18.3 Impairment of trade receivables

As at 31 December 2016, trade receivables amounting to N28.609million were impaired (2015: Nil). See below for the movement in the impairment/utilisation of trade receivables.

	Individually impaired N'000	Total N'000
At 1 January 2016	-	-
Charge for the year	28,609	28,609
At 31 December 2016	**28,609**	**28,609**

19 Prepayments

	2016 N'000	2015 N'000
Rent	1,667	10,050
Insurance	3,214	2,683
	4,881	**12,733**

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

20 Cash and bank balance

	2016 N'000	2015 N'000
Cash in hand	625	799
Cash at bank	178,010	175,879
Short-term deposits	-	134,200
Restricted cash	107,078	219,762
	285,713	**530,640**

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: 2016 N107.08 million (2015: N219.76 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 equivalents	2016 N'000	2015 N'000
Cash in hand	625	799
Cash at bank	178,010	175,879
Short-term deposits	-	134,200
	178,635	**310,878**

21 Issued capital and reserves

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

Issued capital and reserves

Nature and purpose of reserves

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

22 Share deposit

In 2014, a decision was taken by the directors of Biswal Limited to convert N1,950,000,000 of the amount due from Arbico Plc into equity through acquisition of more share capital in the later. However, due to the inability of Arbico Plc to meet necessary regulatory requirement such as increase in authorised share capital, registration of increase in share capital and allotment of shares, the amount was recognised as deposit for shares in the book of Arbico Plc.

23 Trade and other payables

Trade payables	35,473	7,433
Other payables (Note 23.1)	669,195	947,619
Due to related parties (Note 23.2)	690,475	657,365
	1,395,143	**1,612,417**

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

23.1 Other payables

	2016 N'000	**2015 N'000**
Pension payable	19,205	19,230
Other taxes payable	251,364	298,787
Industrial training fund	2,786	2,787
Service providers payable	94,543	11,012
Accruals	301,297	615,803
	669,195	**947,619**

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

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

23.2 Due to related parties

	2016 N'000	2015 N'000
R28 Limited	307,258	307,258
Biswal Limited	383,217	350,107
	690,475	**657,365**

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

24 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 2016 and 2015, refer to Notes 18.1 and 23.2:

		Payments on behalf of Arbico by related parties N'000	Rent/service charge N'000	Amounts due from/(owed to) related parties N'000
R28 Limited	2016	-	-	(307,258)
	2015	-	-	(307,258)
Biswal Limited	2016	47,285	-	(383,217)
	2015	14,175	-	(350,107)
Tranos Contracting Limited	2016	-	1,557	13,309
	2015	-	11,752	11,752

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 2016 total intervention fund received for purchase of equipment and settlement of bank loans from both parties stood at N2.3billion (2015: N2.3 billion). Of this amount, N1.9billion 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.

Entity with control over the Company
R28 Limited

R28 Limited owns 69.97% of the ordinary shares in Arbico Plc (2015: 69.97%).

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

Compensation of Key Management Personnel of the Company

	2016	2015
	N'000	N'000
Short-term employee benefits	-	-
Total compensation	**-**	**-**

The directors were not remunerated during the year ended 31 December 2016.

25 Financial Risk Management objectives and policies

a. Overview

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

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

- Credit Risk
- Liquidity Risk
- Market Risk
-

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

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

Further quantitative disclosures are included throughout these financial statements.

Credit risk

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

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

	2016	2015
	N'000	N'000
Trade receivables	1,514,874	1,716,219
Unquoted investment	2,000	2,000
Cash at bank and short-term deposits	285,713	530,640
Amount due from customers for contract work	487,287	610,594
	2,289,874	**2,859,453**

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instrument and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and with credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the statement of financial position as at 31 December 2016 and 2015 is the carrying amount as illustrated in Note 20.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for an impairment is analysed at each reporting date on an individual basis for each client. Based on management assessment, no event has occurred since the initial recognition of these assets that may give rise to any objective evidence of impairment.

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

Liquidity risk

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

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

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

		On demand	Less than 3 months	3 to 12 months	1- 5 years	>5 Total
Year ended 31 December 2016						
Trade and other payables	-	-	1,143,779	-	-	1,143,779
	-	**-**	**1,143,779**	**-**	**-**	**1,143,779**
Year ended 31 December 2015						
Trade and other payables	-	-	1,313,630	-	-	1,313,630
Amounts due to customers for contract work	-	-	41,476	-	-	41,476
	-	**-**	**1,355,106**	**-**	**-**	**1,355,106**

Market risk

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

Foreign currency risk

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

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

	Change in USD rate	Effect on profit before tax N000
2016	5%	188
	-5%	(188)
2015	5%	70
	-5%	(70)

	Change in EURO rate	Effect on profit before tax N000
2016	5%	46
	-5%	(46)
2015	5%	39
	-5%	(39)

	Change in POUNDS rate	Effect on profit before tax N000
2016	5%	37
	-5%	(37)
2015	5%	20
	-5%	(20)

The table below show financial instruments by their measurement bases:

As at 31 December 2016	Amortised cost N'000	Available for sale N'000	Carrying value N'000
Trade and other receivables	1,577,623	-	1,577,623
Cash and short-term deposits	285,713	-	285,713
Unquoted investment	2,000	-	2,000
Amount due from customers for contract work	487,287	-	487,287
Total financial assets	**2,352,623**	**-**	**2,352,623**
Trade and other payables	1,143,779	-	1,143,779
Total financial liabilities	**1,143,779**	**-**	**1,143,779**

As at 31 December 2015	Amortised cost N'000	Available for sale N'000	Carrying value N'000
Trade and other receivables	1,716,219	-	1,716,219
Cash and short-term deposits	530,640	-	530,640
Unquoted investment	2,000	-	2,000
Amount due from customers for contract work	610,594	-	610,594
Total financial assets	**2,859,453**	**-**	**2,859,453**
Trade and other payables	1,313,630	-	1,313,630
Amounts due to customers for contract work	41,476	-	41,476
Total financial liabilities	**1,355,106**	**-**	**1,355,106**

26 Capital management

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 40% and 50%. The Company includes within net debt, trade and other payables less cash and short-term deposits.

	2016 N'000	2015 N'000
Trade and other payables (Note 23)	1,395,143	1,612,417
Less cash and bank balance (Note 20)	(285,713)	(530,640)
Net debt	1,109,430	1,081,777
Equity	65,493	73,186
Capital and net debt	1,174,923	1,154,963
Gearing ratio (%)	94%	94%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

27 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.

28 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 Company'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.

	2016 N'000	**2015 N'000**
Revenue from external customers in Nigeria	3,413,465	4,516,384
Non – current operating assets in Nigeria	1,132,898	1,257,646

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

29 Information relating to employees

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

	2016 Number	**2015 Number**
Management	7	12
Construction	163	253
Administrative staff	23	37
	193	**302**

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

Naira	**2015 Number**	**2015 Number**
130,001 - 150,000	-	-
150,001 - 200,000	-	-
200,001 - 350,000	-	1
350,001 - 400,000	20	99
400,001 - 420,000	-	-
420,001 - 500,000	5	8
500,001 - 600,000	34	46
600,001 - 650,000	10	13

650,001 - 750,000	20	18
750,001 - 1,200,000	37	42
1,200,001 - 2,000,000	23	21
2,000,001 - 2,600,000	19	31
2,600,001 - 3,500,000	11	9
3,500,001 - 4,500,000	10	14
4,500,001 and Above	3	-
	193	**302**

Directors mix	**2016 Number**	**2015 Number**
Executive	3	3
Non-Executive	4	4
	7	**7**

30 Contingent Liabilities

	2016 N'000	**2015 N'000**
Advance payment guarantee – First City Monument Bank	323,093	323,093
Advance payment guarantee – First Bank of Nigeria	349,802	349,802
Advance payment guarantee – United Bank for Africa	311,635	311,635
Advance payment guarantee – Diamond Bank Plc	-	-
Performance bond – Guaranty Trust Bank	67,812	67,812
	1,052,342	**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.

31 Capital Commitment

In the opinion of the directors, there were no capital commitments at 31 December 2016 (2015: Nil).

32 Events after the reporting period

No events or transactions have occurred since the end of the reporting period, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order to make them not misleading as to the financial position or results of operations.

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 N'000	%	2015 N'000	%
REVENUE	3,413,465		4,516,384	
Bought in material and services	(3,001,572)		(3,741,856)	
	411,893		774,528	
Other operating income	61,280		37,510	
VALUE ADDED	**473,173**	**100**	**812,038**	**100**
Applied as follows:				
To Pay Employees:				
Salaries and wages	1193,729	40.9	191,600	23.6
To pay provider of funds:				
Finance cost	-	-	-	-
To Pay Government:				
Taxation	51,195	10.8	70,488	8.7
To Provide for Growth and Maintenance:				
Depreciation on property, plant & equipment	235,209	49.7	276,838	34.1
Amortisation of intangible asset	733	0.2	1,878	0.2
(Loss)/profit for the year	(7,693)	(1.6)	271,234	33.4
	473,173	**100.0**	**812,038**	**100.0**

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

FINANCIAL SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
ASSETS					
Non-current assets	1,188,904	1,306,800	1,468,586	1,231,121	1,095,446
Current assets	2,738,887	3,225,383	2,988,867	1,270,607	1,458,447
Total assets	3,927,791	4,532,183	4,457,453	2,501,728	2,553,893
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	(1,011,875)	(1,004,182)	(1,275,416)	(1,022,423)	(1,300,916)
Total equity	**65,493**	**73,186**	**(198,048)**	**54,945**	**(223,548)**
LIABILITIES					
Non-current liabilities	2,116,541	2,116,541	2,115,217	69,530	913,656
Current liabilities	1,745,757	2,342,456	2,540,284	2,377,253	1,863,785
Total liabilities	**3,862,298**	**4,458,997**	**4,655,501**	**2,446,783**	**2,777,441**
Total equity and liabilities	**3,927,791**	**4,532,183**	**4,457,453**	**2,501,728**	**2,553,893**
Revenue	**3,413,465**	**4,516,384**	**3,717,604**	**3,350,612**	**1,865,198**
Operating profit/ (loss)	39,898	332,813	(246,117)	295,914	(20,365)
Profit/(loss) before tax	43,502	341,722	(245,613)	297,633	(37,579)
Income tax expense	(51,195)	(70,488)	(7,380)	(19,140)	(10,726)
(Loss)/profit for the year	(7,693)	271,234	(252,993)	278,493	(48,305)
Total comprehensive (loss)/ profit for the year, net of tax	(7,693)	271,234	(252,993)	278,493	(172,917)
Basic (loss)/earnings per share (Naira)	(0.05)	1.83	(1.70)	1.88	(1.16)

SHARE HISTORY

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

PROXY FORM

arbico
Since 1958

ANNUAL GENERAL MEETING OF ARBICO PLC

TO BE HELD ON TUESDAY, 27 JULY, 2017
PLOT D, BLOCK 7, INDUSTRIAL CRESCENT, ILUPEJU, LAGOS AT 11.00AM

I/We* ______________________

of ______________________

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

____

of ______________________

or failing him/her the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 27th July 2017 and at any adjournment thereof.

Dated this ________ day of ______________ 2017

Shareholder's Signature ______________________

RESOLUTIONS	FOR	AGAINST
1. To receive the Financial Statement for the year ended 31 December 2016 and the reports of the Directors, Audit Committee and Auditors thereon;		
2. To re-elect Elder N.C.U Okoro To re-elect Aiyeola Afolabi		
3. To re-appoint the Auditors		
SPECIAL BUSINESS		
4. To elect members of the Audit Committee		
Please indicate with "X" in the appropriate space above how you wish your votes to be cast on the Resolutions set above. *Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.*		

NOTE

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

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

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

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

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

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, *Elder N.C.U Okoro and Mr Afolabi Aiyeola* retire by rotation and being eligible offer themselves for re-election.

ADMISSION SLIP

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

Please admit ______________________ to the Annual General Meeting of

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

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

Olaniwun Ajayi LP
(Secretaries)

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

Name & Address of Shareholders ______________________

E-DIVIDEND
MANDATE FORM

Mandate Form for E-Dividend Payment

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

Tel: 01 279 3030

arbico
Since 1958

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

Surname/Company's Name: ____________________

Other Names (for Individual Shareholders): ____________________

Current Postal Address: ____________________

E-mail Address: ____________________

Mobile No(s): ____________________

Name of Bank: ____________________

Bank Branch: ____________________

Bank Branch Address: ____________________

Bank Account Number: ____________________

Bank Sort Code: ____________________

Shareholder's Right Signature or Thumbprint

Corporate Shareholder:

Authorized Signature(s)

Company Seal/Incorporation Number (Corporate Shareholder)

BANK AUTHORISED SIGNATURE AND BANK STAMP

PLEASE COMPLETE AND RETURN TO THE REGISTRARS

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

info@arbico.ng
www.arbico.ng