

ARM

Annual Reports
& Accounts
2009

ARM  Properties Plc



Table Of Contents

NOTICE OF ANNUAL GENERAL MEETING	2
FINANCIAL HIGHLIGHTS	3
CHAIRMAN'S STATEMENT	4
BOARD OF DIRECTORS	7
INVESTMENT COMMITTEE	7
PROFESSIONAL ADVISERS	7
DIRECTORS' REPORT	8
INDEPENDENT AUDITOR'S REPORT	10
PROFIT AND LOSS ACCOUNTS	15
BALANCE SHEET	16
STATEMENT OF CASH FLOWS	17
NOTES TO THE FINANCIAL STATEMENTS	18
STATEMENT OF VALUE ADDED	29
THREE - YEAR FINANCIAL SUMMARY	30
PROXY FORM	31

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 1st Annual General Meeting of the Members of ARM Properties Company Plc. will be held at Lagoon Restaurant, 1c Ozumba Mbadiwe Street, Victoria Island Lagos on Monday, 5th October, 2009 at 10.00 am to transact the following businesses:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended February 28th, 2009 and the Reports of the Directors and Auditors thereon
2. To Declare a Dividend
3. To Re-elect Directors
4. To Authorise the Directors to fix the Remuneration of the Auditors
5. To Elect Members of the Audit Committee

Special Business

6. To Fix the remuneration of the Directors

Proxy

A member of the company entitled to attend and vote at the general meeting is entitled to appoint proxy in his stead. All instruments of proxy should be completed and deposited at the office of the Company's Registrars, UBA Registrars Limited, 97/105, Broad Street, Lagos not later than 48 hours before the time of holding the meeting. A proxy need not be a member of the company. A proxy for an organization may vote on a show of hand and on a poll.

Dividend

The Board recommends a dividend of 5 kobo per ordinary share of 50 kobo each which will be subject to withholding tax at the appropriate rate. Dividends declared represent 40% of the Company's distributable profit for the Financial Year ended 28th February 2009.

Dividend Warrants

If approved, the dividend warrants will be distributed to Shareholders whose names appear in the Company's Register of Members at the close of business on Wednesday, September 9th, 2009.

Closure of Register & Transfer Books

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed from Wednesday September 9th to Friday September 11th, 2009 both days inclusive.

Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, a nomination (in writing) by any member of a Shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

Dated this 9th day of September, 2009
BY ORDER OF THE BOARD

**ARM TRUSTEES
LIMITED**

ARM Trustees Limited
Company Secretary

FINANCIAL HIGHLIGHTS

Change	2009 N'000	2008 N'000	% Inc/(Dec)
Turnover	404,958	-	n\
Profit/(Loss) before taxation	274,565	(125,519)	319%
Taxation	(88,064)	37,656	334%
Profit after taxation before Minority Interest	186,501	(87,863)	312%
Minority Interest	-	-	-
Dividend Proposed	84,178	-	n\
Shareholders' funds	10,443,987	(133,478)	7,925%
Net assets/(Liabilities) per share (Naira)	6.20	(3.34)	286%
Basic earnings per share (kobo)	15	(220)	107%
Dividend per share (kobo)	5	-	n\
Share Price as at 28 Feb (Naira)	4.17	0.50	734%

**In view of the fact that consolidation was only done in 2009, comparative figures are provided for the company and not the group.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I take great pleasure in welcoming you to the Inaugural Annual General Meeting of our Company, ARM Properties Plc holding today, 5th October 2009 and to present the audited financial statements for the financial year ended February 28, 2009. I am also honoured to present to you a review of the operating environment, the performance of your Company for the year and our outlook for the next financial year, which will come to an end in February 2010.

Review of Operating Environment

Globally, the year 2008 was a challenging one for the financial services sector. The fall in US house prices set off a chain of events that culminated in a global economic crisis. The extent of the crisis has shown that government intervention is critical and as such, governments around the world have been compelled to play an active role in reviving their economies with the aggressive use of fiscal and monetary policy measures as well as extending credit lines to institutions deemed critical to the economy.

The effects of the global economic crisis on the Nigerian economy was initially less severe than in the more developed economies; however, a greater impact came into force in mid-2008, following a sharp decline in the domestic stock market. As a result, capital market operators were forced to scale down operations leading most to incur substantial losses. Falling oil prices and reduced capital inflows also contributed to an economic slow down in 2008. GDP growth dropped to 6.4%, from a government projected growth rate of 8%. At the same time, the financial system experienced challenges as a result of the declining liquidity of a number of banking institutions. This was prompted by the recall of facilities previously extended by foreign banks and an increase in non-performing loans associated with stock market lending and oil sector trade financing. These factors contributed to a decline in inter-bank lending, rise in interest rates, and increased pressure from banks on corporate borrowers to repay facilities.

The Nigerian political environment witnessed some measure of stability during the course of 2008. The results of the presidential elections were upheld by the Supreme Court, adding legitimacy to the current administration of President Yar'Adua. Several other election tribunals sitting in various states of the country either validated or upturned the results of elections at the various levels of government. In almost all cases, the verdicts of the courts were respected and were devoid of violence

The Economy

At the beginning of the year, the Naira remained relatively stable, trading at an average of N118 to the US Dollar, as a result of steady capital inflows into the economy. By March 2008 however, foreign investors had began to exit their investment positions in the stock market. Although the Naira remained stable in the period when outflow of capital (that is, demand for US\$) continued to match inflows from oil receipts, support for the currency in the foreign exchange market had started to deteriorate by early December 2008, triggered by a capitulation in commodity prices in the international markets.

The net effect of this development was that, the demand for the US Dollar required to finance trade as well as to satisfy exiting international portfolio managers could no longer be matched by other supply sources - outside of the Central Bank of Nigeria (CBN) - due to the sharp reduction in foreign exchange inflows in the wake of falling commodity prices and slowdown in foreign direct investments. To prevent further erosion of the nation's foreign reserves, which peaked at US\$65

CHAIRMAN'S STATEMENT

billion in August 2008, the CBN was compelled to allow the Naira to decline by almost 21% to N150 to the US Dollar in the official foreign exchange market. At the parallel market, the Naira traded at a record level above N180 to US\$1. With limited options at its disposal, the CBN moved to restore Naira stability with the suspension of the Wholesale Dutch Auction System (WDAS) and re-introduction of the Retail Dutch Auction System (RDAS), amongst other policy measures. Inflation also rose from 8.6% in January to 15.1% by December, 2008. The CBN made several unsuccessful attempts at curbing inflation by altering the Monetary Policy Rate (MPR); set at 9.5%, 10%, 10.25%, and 9.75% in January, March, June, and September, respectively.

The Real Estate Environment

The economic downturn had a significant impact on the property market. The downturn affected sales of residential and commercial developments countrywide. Generally, there were more real estate developers within the sector thus leading to more housing developments chasing fewer purchasers. Funding for most real estate developments virtually dried up while cost of capital rose significantly. Following the relentless rise in real estate assets in the past few years, land and property values stabilized and, in some areas, declined during 2008.

In spite of this, the demand for attractively priced, quality real estate continues to outstrip supply across all segments. Opportunities continue to exist in the residential middle market, commercial and leisure real estate sectors and overall, Nigeria remains under-served with low and middle-income housing, shops and offices.

Financial Performance

Despite this being the first year of operation, and against the backdrop of a challenging operating environment as well as the early stage position of most of your Company's developments, I am pleased to report that your Company recorded a profit for the financial year. ARM Properties Plc realised a turnover of N416.9 million for the year ended 28th February, 2009 with a Profit before Tax of N283.9 million, against a prior year loss of N25.5 million.

It is, however, worthy to note that the strength of this performance was primarily due to higher than expected investment income from treasury activities, a result of the large un-invested capital raised during the financial year.

Shareholders will recall that in the offer document for the Private Placement exercise concluded in August 2008, the Management of your company outlined a policy to pay dividends representing 80% of net profits from the second year of operation. Given that this is the first year of operation as well as the fact that the Company's profits were mainly derived from interest on investments, the Board believes it is appropriate to recommend for your approval a dividend of 5 kobo per share, representing 45.1% of the Company's profit after tax. This will enable Management to deploy needed capital to already identified projects at a time when banks are reluctant to lend. I hereby seek your approval in this regard.

Listing of ARM Properties Plc

Our new shareholders will recall that the offer document to the 2008 equity issue highlighted the intention of the Company to list its shares on the floor of the Nigerian Stock Exchange in the fourth quarter of 2008. Unfortunately, since the time of completing the share offer exercise, market conditions have remained unfavourable and have been hardly conducive to listing new shares on the exchange. For example, despite a lack of trading volume, most of the companies that went ahead to list at this time have suffered losses ranging from 23% to 88%.

CHAIRMAN'S STATEMENT

Given the extenuating circumstances therefore, it is the strong recommendation of both your Board and Management that listing of the Company's shares on the NSE should be delayed until such a time when market conditions become more stable and favourable, and will not be detrimental to the performance of our share price. Your Management will continue to assess the market with the aim of listing at a time that would provide optimum value to you, our shareholders.

Review of Operations

Our objective remains to deploy the capital raised within the shortest possible time towards investments in the residential, commercial, hospitality and retail real estate sub sectors. In this connection, Management has made commitments on behalf of your company in a number of attractive real estate developments such as Adiva Plainfields and Oluwole Urban Market investments. Management expects to fully commit the Company's capital during the next financial year.

It is instructive to note that despite the tepid environment, we made significant advancement on some of our real estate projects. As an example, the Adiva Plainfields Housing Estate, which is being built on a 100 hectare site at kilometer 35 of the Lekki-Epe Expressway, produced very strong off-plan sales at launch, and we are set to deliver 600 homes by the third quarter of 2010.

Our urban regeneration project with the Lagos State Government, Oluwole Urban Market, involving the redevelopment of a once degraded area of the Lagos Central Business District popularly known as Oluwole, has recorded spectacular success. The development which involves the development of 630 shops is expected to be completed in October 2009. These have already been fully sold.

The Management of your Company remains committed to the vision outlined in the Private Placement document released last year and is focused on delivering quality products primarily in order to generate expected returns to shareholders.

Outlook

Whilst it is difficult to forecast how the economic downturn will impact our business in the next period, the outlook for the business remains strong. Both your Board and Management believe that investing capital provided by new shareholders last year within the shortest possible time is critical to establishing the Company's competitive advantage.

In this regard, I am delighted to share with you that our brand, track record through our association with ARM Investment Managers, the quality and pricing of our product offerings as well as the ability to access well priced financing and access to competitively priced land, place ARM Properties Plc is in a unique position to establish itself as the premier Real Estate investment Company in Nigeria.

On behalf of the Board, I would like to thank you our shareholders, as well as the management and my colleagues on the Board for your commitment to our vision and your continued interest in our company. Both your Board and Management team intend to continue to count on your support as we work towards achieving our collective vision.

Distinguished Shareholders, I thank you for your attention.



Kwesi Sagoe
Chairman of the Board

BOARD OF DIRECTORS

Chairman	Mr. Kwesi Sagoe Marine View Plaza (7th Floor) 60 Marina, Lagos
Managing Director	Ms. Yinka Ogunsulire 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos
Director	Mr. Dafe Akpedeye (SAN) 1 Ovie Palace Road Effurun, Warri Delta State
Director	Mr. Deji Alli 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos
Director	Mr. Bayo Adeniji 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos

INVESTMENT COMMITTEE

Chairman	Dr. Segun Akin-Olugbade
Member	Mr. Steve Mayaki
Member	Mr. Deji Alli
Member	Mr. Deji Omotoso
Member	Mrs. Tayo Kola-Daisi

PROFESSIONAL ADVISERS

Company Secretary	ARM Trustees Limited 1 Mekunwen Road, Off Oyinkan Abayomi Drive Ikoyi, Lagos
Registered Office	1 Mekunwen Road, Off Oyinkan Abayomi Drive Ikoyi, Lagos
Registrars	UBA Registrars Limited 97/105 Broad Street Lagos
Auditors	KPMG Professional Services 22A Gerrard Road, Ikoyi, Lagos

DIRECTORS' REPORT

For the year ended 28 February 2009

The directors have pleasure in presenting their report on the affairs of ARM Properties Plc ("the Company") and subsidiaries ("the Group"), together with the Group audited financial statements and auditors' report for the year ended 28 February 2009.

Principal activity and business review:

The Group provides property development and investment services. The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies.

The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects.

During the year, the Company increased its authorized share capital from N600,000,000 to N1,000,000,000 by the creation of 800,000,000 Ordinary Shares of N0.50 each. The increase was registered and approved by the Corporate Affairs Commission on 13 June 2008.

The Company also offered 1,360,927,815 Ordinary Shares of N0.50 each at N4.17 per share to the existing shareholders through private placement in July 2008. The offer was fully subscribed. The Company converted part of its long term liabilities amounting to N1,178,564,285.25 to 282,629,325 ordinary shares during the year.

The Company's subsidiaries, Adiva Properties Limited (99.99%) and Crosstown Malls Properties Limited (99.99%), also offer real estate services to meet client needs.

Operating Results:

The following is a summary of the Group and the Company's operating results for the year:

	GROUP		COMPANY	
	12 Months 28 February 2009 N'000	14 Months 29 February 2008 N'000	12 Months 28 February 2009 N'000	14 Months 29 February 2008 N'000
Profit /(Loss) before taxation	283,917	-	274,565	(125,519)
Taxation	(88,064)	-	(88,064)	37,656
Profit/(Loss) after taxation	<u>195,853</u>	<u>-</u>	<u>186,501</u>	<u>(87,863)</u>

Directors and their interests:

The directors who served during the year were:

Kwesi Sagoe	-	Chairman
Yinka Ogunsulire	-	Managing Director
Deji Alli	-	Non Executive Director
Bayo Adeniji	-	Non Executive Director
Dafe Akpedeye	-	Non Executive Director

The directors' interests in the shares of the Company as recorded in the register of members for the purpose of section 275 of the Companies and Allied Matters Act, 1990 are as follows:

	2009 Number of units	2008 Number of units	2009 %	2008 %
Kwesi Sagoe	-	-	-	-
Yinka Ogunsulire	250,000	-	0.015	-
Deji Alli	-	-	-	-
Bayo Adeniji	-	-	-	-
Dafe Akpedeye	-	-	-	-

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 28 February 2009.

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for shareholders, the responsibilities of the Directors of the Group with respect to the financial statements.

In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Group and the profit or loss for the financial year.

The responsibilities include ensuring that:

- appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act of Nigeria;
- the Group has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Group will not continue in business.

Fixed Assets:

The Group had no fixed assets during the year.

Charitable and Other Donations:

The Group made no donations to charitable organizations during the year (2008: Nil)

Auditors:

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria.

**ARM TRUSTEES
LIMITED**

ARM Trustees Limited
Company Secretary
1, Mekunwen Road,
Off Oyinkan Abayomi Drive,
Ikoyi,
Lagos.
28 August, 2009

BY ORDER OF THE BOARD



KPMG Professional Services
 22a Gerrard Road, Ikoyi
 PMB 40014, Falomo
 Lagos, Nigeria

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INDEPENDENT AUDITOR'S REPORT

To the Members of ARM Properties Plc:

Report on the Financial Statements

We have audited the accompanying financial statements of ARM Properties Plc ("the Company") and its subsidiaries (together "the Group"), which comprise the balance sheets as at 28 February 2009, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies and notes to the financial statements and the three year financial summary, as set out on pages 6 to 25.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ARM Properties Plc and its subsidiaries (together "the Group") as at 28 February 2009, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

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<small>Abayomi O. Sanni</small>	<small>Adediji O. Lamikanfa</small>	<small>Abdulkadir A. Lukobo</small>
<small>Adetola P. Adeniyi</small>	<small>Adesola K. Ayan</small>	<small>Ayoola I. Dindiran</small>
<small>Chibuzor N. Anyiaha</small>	<small>Dadajobi C. Ode</small>	<small>Joseph O. Tega</small>
<small>Chidiebere R. Okubadejo</small>	<small>Chidinma I. Sakaogwu</small>	<small>Olumide O. Olawole</small>
<small>Olusegun T. Babalola</small>	<small>Victor U. O. Veritas</small>	



Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by ARM Properties Plc, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

KPMG

28 August, 2009
Lagos, Nigeria



STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding period is set out below.

- (a) Basis of accounting:
The financial statements are prepared under the historical cost convention.
- (b) Basis of consolidation:
- i. Subsidiary Companies*
The group financial statements consolidate the financial statements of ARM Properties Plc and its subsidiary companies, Adiva Properties Limited and Cross Town Malls Properties Limited. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the group financial statements from the date that control commences until the date that control ceases.
- ii. Transactions eliminated on consolidation*
Intra-group balances and transactions and any unrealized gains arising from intra-group transactions are eliminated in preparing the group financial statements.
- iii. The investment in the subsidiary companies is stated at cost in the Company's separate financial statements. Provision is made for any permanent diminution in the value of the investment in the subsidiary companies.*
- (c) Investments:
Long term investments are stated at cost less provision for any permanent diminutions in value.

Short term investments represent investment in commercial papers and are carried at face value plus any accrued but unpaid interest.
- (d) Investment properties:
Investment properties are those which are held primarily for generating income or capital appreciation or for both. Investment properties are stated at their market values and revalued periodically on a systematic basis at least once in 3 years. Increases in carrying amounts are credited to owner's equity as revaluation surplus. A permanent decline in carrying amount is charged to the profit and loss account. A reduction in the carrying amount of the investment is reversed when there is an increase, other than temporary, in the value of the investment, or if the reason for the reduction no longer exists.
A reduction in carrying amount that offset a previous increase for the same investment is charged to revaluation surplus.
- (e) Debtors and prepayments:
Debtors and prepayments are stated at cost net of allowances for bad and doubtful debts. When a receivable is deemed not collectible, it is written off against the related allowance and subsequent recoveries are credited to the profit and loss account.

STATEMENT OF ACCOUNTING POLICIES

(f) Taxation:
Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

(g) Deferred taxation:
Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred tax is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Income recognition:

(i). *Rental income*

Rental income from investment property leased out under operating lease is recognized in the profit and loss account on a straight-line basis over the term of the lease.

(ii) *Services fees*

Revenue from services rendered (such as project management) is recognized in the profit and loss account in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to survey of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

(i) Other liabilities and accruals:

Other liabilities and accruals are stated at cost.

(j) Foreign currency transactions:

Transactions in foreign currencies are translated into Naira at the rates of exchange ruling at the date of each transaction (or where appropriate, at the rates of the related forward contract). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date (or where appropriate, the rates of the related forward contract). Any gain or loss arising due to movement in exchange rates is included in the profit and loss account.

(k) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

STATEMENT OF ACCOUNTING POLICIES

(l) Segment reporting:

A segment is a distinguishable component of the Group that is engaged 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 Group's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company and its subsidiaries currently operate in one geographical segment, which is Nigeria and, as such, do not have a secondary segment reporting format.

(m) Development costs:

Development costs represent deferred expenses incurred on long term property development projects that are ongoing and are treated as such until the projects are completed. Development costs are capitalized only if they can be measured reliably, future economic benefits are probable and the Company intends to, and has sufficient resources, to complete development and to use the assets. These costs include the value of certified works on completion, advance payment to contractors, borrowing costs and all incidental expenses incurred on the projects to date. They are measured at cost less accumulated amortization and impairment losses.

(n) Cash and short term funds:

Cash and short term funds comprise cash in hand and the Company's current account balances with banks in Nigeria

(o) Earnings per share:

The Group presents basic earning per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the outstanding ordinary shares at the latest balance sheet date.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares.

(p) Loan to related companies

Loan to related companies represents funds provided to related companies to meet property developmental projects. They are stated net of allowances for bad and doubtful loans.

PROFIT AND LOSS ACCOUNTS

For the year ended 28 February 2009

		Group 12 Months 28 February Notes 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Income	1	<u>416,956</u>	<u>-</u>	<u>404,958</u>	<u>-</u>
Gross income		416,956	-	404,958	-
Interest expense and charges	2	(34,199)	-	(34,199)	(764)
Operating expense	3	<u>(98,840)</u>	<u>-</u>	<u>(96,194)</u>	<u>(124,755)</u>
Profit/(loss) before taxation	4	283,917	-	274,565	(125,519)
Taxation	14(b)	<u>(88,064)</u>	<u>-</u>	<u>(88,064)</u>	<u>37,656</u>
Profit/ (loss) after tax		<u>195,853</u>	<u>-</u>	<u>186,501</u>	<u>(87,863)</u>
Appropriations:					
Transfer to retained profit		<u>195,853</u>	<u>-</u>	<u>186,501</u>	<u>(87,863)</u>
Earnings per share					
Basic	5	16k	-	15k	(220k)
Adjusted		<u>12k</u>	<u>-</u>	<u>11k</u>	<u>(5k)</u>

The board of directors have proposed a dividend of 5k per share on the issued share capital of 1,683,557,140 ordinary shares of 50k each, subject to the approval of the shareholders at the next annual general meeting.

The statement of accounting policies and accompanying notes form an integral part of these profit and loss accounts.

BALANCE SHEETS

For the year ended 28 February 2009

	Notes	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Non Current Assets:					
Investment properties	6	8,440,000	-	8,440,000	1,250,000
Investment in subsidiaries	7	-	-	20	-
Development costs	8	936,414	-	-	-
Deferred tax assets	9	-	-	-	61,911
		<u>9,376,414</u>	<u>-</u>	<u>8,440,020</u>	<u>1,311,911</u>
Current Assets:					
Loan to related companies	10	4,898,017	-	4,898,017	-
Short term investments	11	569,086	-	-	-
Debtor and prepayments	12	350,944	-	851,240	145,947
Cash at bank		654,434	-	70,953	15,738
		<u>6,472,481</u>	<u>-</u>	<u>5,820,210</u>	<u>161,685</u>
Current Liabilities:					
Borrowings	13	93,964	-	93,964	-
Tax payable	14(a)	26,153	-	26,153	-
Other liabilities and accruals	15	5,275,439	-	3,696,126	357,074
		<u>5,395,556</u>	<u>-</u>	<u>3,816,243</u>	<u>357,074</u>
Net current assets/ (liabilities)		1,076,925	-	2,003,967	(195,389)
ARM Real Estate participatory notes	16	-	-	-	1,250,000)
Net Assets/ (Liabilities)		<u>10,453,339</u>	<u>-</u>	<u>10,443,987</u>	<u>(133,478)</u>
Capital and Reserves:					
Share capital	17(b)	841,779	-	841,779	20,000
Share premium	18	5,819,185	-	5,819,185	-
Revaluation reserve	19	3,750,000	-	3,750,000	-
Retained profit/(loss)		<u>42,375</u>	<u>-</u>	<u>33,023</u>	<u>(153,478)</u>
Shareholders' Funds		<u>10,453,339</u>	<u>-</u>	<u>10,443,987</u>	<u>(133,478)</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

_____)
_____)
_____)

Directors

Approved by the Board of Directors on 28 August 2009

The statement of accounting policies and accompanying notes form an integral part of these balance sheets.

STATEMENT OF CASH FLOWS

For the year ended 28 February 2009

	Notes	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Net cash flow from operating activities before changes in operating assets	20	283,917	-	274,565	(125,519)
Changes in operating assets	21	<u>(3,696,084)</u>	<u>-</u>	<u>(5,775,693)</u>	<u>121,257</u>
Net cash inflow/(outflow) from operating activities		<u>(3,412,167)</u>	<u>-</u>	<u>(5,501,128)</u>	<u>(4,262)</u>
Investing activities:					
Investment in subsidiaries		-	-	(20)	-
Development costs		(936,414)	-	-	-
Purchase of short term investments		<u>(569,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow from investing activities		<u>(1,505,500)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
Financing activities:					
Proceeds from issue of share capital	17	5,675,069	-	5,675,069	20,000
Share issue expenses	18	(212,670)	-	(212,670)	-
Proceeds from borrowings		138,000	-	138,000	-
Repayment of borrowings		<u>(44,036)</u>	<u>-</u>	<u>(44,036)</u>	<u>-</u>
Net cash inflow from financing activities		<u>5,556,363</u>	<u>-</u>	<u>5,556,363</u>	<u>20,000</u>
Net increase in cash at bank and in hand		638,696	-	55,215	15,738
Cash at bank, beginning of year		<u>15,738</u>	<u>-</u>	<u>15,738</u>	<u>-</u>
Cash at bank, end of year		<u><u>654,434</u></u>	<u><u>-</u></u>	<u><u>70,953</u></u>	<u><u>15,738</u></u>

The statement of accounting policies and accompanying notes form an integral part of these statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 2009

1. Income

Income comprises:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Interest income	336,786	-	324,788	-
Other income	80,170	-	80,170	-
	<u>416,956</u>	<u>-</u>	<u>404,958</u>	<u>-</u>

2. Interest expense and charges

Interest expense and charges comprise:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Interest on bank loan	24,093	-	24,093	-
Bank charges	10,106	-	10,106	764
	<u>34,199</u>	<u>-</u>	<u>34,199</u>	<u>764</u>

3. Operating expenses

Operating expenses comprise:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Administrative expenses	12,580	-	9,934	19,704
Management Fees	86,260	-	86,260	105,051
	<u>98,840</u>	<u>-</u>	<u>96,194</u>	<u>124,755</u>

4. Supplementary profit and loss information

(a) General information:

The Group's profit/ (loss) before taxation is stated after charging the following:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Audit fees	4,500	-	3,000	2,500
	<u>4,500</u>	<u>-</u>	<u>3,000</u>	<u>2,500</u>

NOTES TO THE FINANCIAL STATEMENTS

(b) Employee costs:

The Group did not have any staff in its employment during the year ended 28 February 2009
(29 February 2008: Nil).

(c) Directors' remuneration/allowances:

i. Remuneration paid to directors of the Company (excluding pension contribution and certain benefits) was as follows:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Directors' fees	2,000	-	2,000	225
Other allowances	600	-	600	890
	<u>2,600</u>	<u>-</u>	<u>2,600</u>	<u>1,115</u>

Directors' remuneration shown above (excluding pension contributions and certain benefits) includes:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Chairman	<u>1,450</u>	<u>-</u>	<u>1,450</u>	<u>117</u>
Highest paid directors:	1,150	-	1,150	92

iii. The emoluments of all other directors were as follows:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
N100,000-N600,000	-	-	-	-
N600,001-N1,100,000	-	-	-	-

5. Earnings per share

Basic earnings per share have been computed based on the profit after taxation for the Company and profit attributed to equity holders for the Group and the weighted number of ordinary shares of 1,229,914,534 (2008: 40,000,000) in the issue year.

Adjusted earnings per share have been computed on prior year loss after taxation for the loss attributed to the equity holders for the Group and the outstanding number of 1,683,557,140 ordinary shares of as at year end.

NOTES TO THE FINANCIAL STATEMENTS

Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
--	--	--	--

6. Investment properties

Investment properties represent 186 hectares of land situated at Ibeju Lekki area of Lagos State purchased by the Company for the purpose of developing residential estates.

The movement in investment properties was as follows:

Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Balance, beginning of year/period	1,250,000	-	1,250,000
Acquisition	3,440,000	-	3,440,000
Revaluation surplus (see note 19)	3,750,000	-	3,750,000
Balance, end of the year/period	<u>8,440,000</u>	<u>-</u>	<u>8,440,000</u>
			<u>1,250,000</u>

7. Investments in subsidiaries

Investments in subsidiaries comprise:

Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Investments in Adiva Properties Limited (see note (a) below)	-	-	10
Investments in Cross Town Mall Limited (see note (b) below)	-	-	10
	<u>-</u>	<u>-</u>	<u>20</u>

(a) This represents the cost of ARM Properties Plc 99.99% interest in the equity of Adiva Properties Limited.

(b) This represents the cost of ARM Properties Plc 99.99% interest in the equity of Cross Town Mall Properties Limited.

8 Development costs

Development costs represent the deferred expenses incurred on long term property development projects that are ongoing. The development costs are incurred by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

9 Deferred tax assets

(a) The movement on the deferred taxation account during the year was as follows:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Balance, beginning of year	(61,911)	-	(61,911)	(24,255)
Charge/ credit for the year	61,911	-	61,911	(37,656)
See note 14(b) below				
Balance, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,911)</u>

10 Loans to related entities

Loan to related entities comprise:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Summerville Golf Eatate Ltd	2,606,920	-	2,606,920	-
Oceanwinds Hospitality Ltd	1,900,455	-	1,900,455	-
Farapark Limited	151,020	-	151,020	-
Oakland Properties Plc	<u>239,622</u>	<u>-</u>	<u>239,622</u>	<u>-</u>
	<u>4,898,017</u>	<u>-</u>	<u>4,898,017</u>	<u>-</u>

11 Short term investments

Short term investments represent the Group's investment in commercial papers.

12. Debtors and prepayments

Debtors and prepayments comprise:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Receivable from Cross Town Mall Properties Limited	-	-	51,000	51,000
Receivable from Oluwole Urban Mall Property Limited	95,544	-	95,544	94,947
Deposit for Oluwole's shares (see note 13)	138,000	-	138,000	-
Adiva Project account receivable	-	-	449,441	-
Receivables from Oakland Properties Limited	11,250	-	11,250	-
ARM Project receivable	51,281	-	51,281	-
Interest receivable on loan	54,822	-	54,677	-
Prepaid insurance	<u>47</u>	<u>-</u>	<u>47</u>	<u>-</u>
	<u>350,944</u>	<u>-</u>	<u>851,240</u>	<u>145,947</u>

NOTES TO THE FINANCIAL STATEMENTS

13 Borrowings

Amount represents outstanding balance of the facility of N138 million obtained from Express Discount Limited at an interest rate of 21.5% with tenure of 91 days, starting from 19 January 2009 and maturing on 20 April 2009. The facility was utilized in financing the Company's proposed equity investment in Oluwole Urban Malls Properties Limited (see note 12)

14 Tax payable

(a) The movement on this account during the year was as follows:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Balance, beginning of year	-	-	-	-
Charge for the year (see note (b))	26,153	-	26,153	-
Balance, end of year	<u>26,153</u>	<u>-</u>	<u>26,153</u>	<u>-</u>

(b) The tax credit/charge for the year comprises:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Company income tax	20,661	-	20,661	-
Education tax	<u>5,492</u>	<u>-</u>	<u>5,492</u>	<u>-</u>
	26,153	-	26,153	-
Deferred tax charge/ (credit) (See note 9)	<u>61,911</u>	<u>-</u>	<u>61,911</u>	<u>(37,656)</u>
	<u>88,064</u>	<u>-</u>	<u>88,064</u>	<u>(37,656)</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Other liabilities and accruals

Other liabilities and accruals comprise:

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
Due to Asset & Resource Management Company Ltd	1,300,776	-	1,168,235	197,677
Oluwole Project Account Payable	265,899	-	265,899	157,789
Payable due to Cross Town Mall Properties Limited	-	-	10	-
Payable due to Oceanwinds Hospitality Limited	57,803	-	57,803	-
Payable due to Summerville Golf Estate Limited	287,755	-	287,755	-
Payable due to Oakland Properties Plc	51,425	-	51,425	-
Adiva Project account payable	-	-	76,347	-
Accrued audit fees	5,291	-	3,291	1,400
Accrued directors fees	2,208	-	2,208	208
WHT Payable	27,435	-	27,435	-
Payable due to Watford Limited	1,755,718	-	1,755,718	-
Other liabilities	41,389	-	-	-
Deposit for shops (See note (a) below)	1,479,740	-	-	-
	5,275,439	-	3,696,126	357,074

(a) This represents amounts received in advance from customers for shops to be built and sold by the subsidiaries.

16. ARM Real Estate participatory notes

During the year, the Company converted its long term liability into 282,629,325 ordinary shares of N0.50 each at a conversion price of N4.17. The outstanding balance of N71,435,714.75 in long term liabilities after conversion was transferred in equal proportion to payable due to ARM and payable due to Watford Limited.

17 Share capital

	Group 12 Months 28 February 2009 N'000	Group 14 Months 29 February 2008 N'000	Company 12 months 28 February 2009 N'000	Company 14 Months 29 February 2008 N'000
(a) Authorized 2,000,000,000 Ordinary Shares of N0.50 each	1,000,000	600,000	-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements
For the year ended 28 February 2009

(b) The tax credit/charge for the year comprises:

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> <u>₦000</u>	<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>₦000</u>	<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> <u>₦000</u>	<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>₦000</u>
Company income tax	20,661	-	20,661	-
Education tax	5,492	-	5,492	-
	<u>26,153</u>	<u>-</u>	<u>26,153</u>	<u>-</u>
Deferred tax charge/ (credit) (See note 9)	61,911	-	61,911	(37,656)
	<u>88,064</u>	<u>-</u>	<u>88,064</u>	<u>(37,656)</u>

15. **Other liabilities and accruals:**

Other liabilities comprise:

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> <u>₦ 000</u>	<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>₦000</u>	<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> <u>₦000</u>	<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>₦000</u>
Due to Asset & Resource Management				
Company Ltd	1,300,776	-	1,168,235	197,677
Oluwole Project Account Payable	265,899	-	265,899	157,789
Payable due to Crosstown Mall	-	-	10	-
Payable due to Oceanwinds	57,803	-	57,803	-
Payable due to Summerville	287,755	-	287,755	-
Payable due to Oakland	51,425	-	51,425	-
Adiva Project account payable	-	-	76,347	-
Accrued Expenses	5,291	-	3,291	1,400
Accrued directors fees	2,208	-	2,208	208
WHT Payable	27,435	-	27,435	-
Payable due to Watford Limited	1,755,718	-	1,755,718	-
Other liabilities	41,389	-	-	-
Deposit for shops (see note (a) below)	1,479,740	-	-	-
	<u>5,275,439</u>	<u>-</u>	<u>3,696,126</u>	<u>357,074</u>

(a) This represents amounts received in advance from customers in respect of prepayments for shops to be built and sold by one of the subsidiaries.

FINANCIAL STATEMENTS

Notes to the Financial Statements
For the year ended 28 February 2009

15b **Proposed dividend:**

On the 28th of August 2009, the Board of Directors pursuant to the power vested on it by provision of Section 379 of Companies and Allied Matter Act of Nigeria, proposed a dividend of N0.05k per share (2008: Nil) amounting to N84,177,857 from retained profits as at 28 February 2009 on the issued share capital of 1,683,557,140 (2008: 40,000,000) shares of N0.50 each subject to declaration by the shareholders at the next general meeting.

16 **ARM Real Estate Notes**

During the year, the Company converted its long term liability into 282,629,325 ordinary shares of N0.50 each at a conversion price of N4.17. The outstanding balance of N71,435,714.75 in long term liabilities after conversion was transferred in equal proportion to payable due to ARM and payable due to Watford Limited.

17 **Share capital:**

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>	<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>
(a) Authorized 2,000,000,000 Ordinary Shares of N0.50 each	1,000,000	-	1,000,000	600,000

(b) Issued and fully paid share capital comprises:

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>	<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>
Issued and fully paid 1,683,557,140 Ordinary Shares of N0.50 each (29 February 2008:40,000,000 Ordinary Shares of N0.50 each)	841,779	-	841,779	20,000

The movement in the fully paid shared capital account during the year was as follows:

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>	<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> <u>N000</u>	<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> <u>N000</u>
Balance, beginning of year/period	20,000	-	20,000	20,000

FINANCIAL STATEMENTS

Notes to the Financial Statements
For the year ended 28 February 2009

Issue of additional shares	680,464	-	680,464	-
Conversion of long term liabilities to equity	141,315	-	141,315	-
	841,779	-	841,779	20,000

During the year, the Company issued 1,360,927,815 ordinary shares of N0.50 each at N4.17 per share through private placement held in July 2008. The Company also converted its long term liabilities into 282,629,325 ordinary shares of N0.50 each during the year.

18 Share premium

Amount represents excess of the offer price and conversion price of shares over the nominal value of the shares issued during the year.

The movement on in the share premium account during the year was as follows:

	Group <u>12 Months</u> <u>28 February</u> <u>2009</u> N'000	Group <u>14 Months</u> <u>29 February</u> <u>2008</u> N'000	Company <u>12 months</u> <u>28 February</u> <u>2009</u> N'000	Company <u>14 Months</u> <u>29 February</u> <u>2008</u> N'000
Proceeds from share issue	4,994,605	-	4,994,605	-
Conversion of long term liability to equity	1,037,250	-	1,037,250	-
Share issue expenses	(212,670)	-	(212,670)	-
Balance, end of year	5,819,185	-	5,819,185	-

19 Revaluation reserve

During the year, the Company revalued its 100 hectares of land situated at Lakowe, Ibeju Lekki area of Lagos State. The land was revalued on 21 October 2008 by Ubosi Eleh and Company (Estate Surveyors and Valuers), a registered valuer with experience of valuation of properties in the area. A revaluation surplus of N3.75 billion was recognized on the property.

The valuation basis is the open market, i.e. the price which an interest in a property might reasonably be expected to realize in a sale by private treaty assuming:

- a willing buyer
- a reasonable period within which to negotiate the sale, taking into account the nature of the property and the state of the market
- values will remain static throughout the period
- the property will be freely exposed to the market
- no account is to be taken by an additional bid by a special purchaser
- no account is to be taken of expenses of realization, which may arise in the event of a disposal.

FINANCIAL STATEMENTS

Notes to the Financial Statements
For the year ended 28 February 200920. **Net cash flow from operating activities:**

Net cash flow from operating activities comprises:

	<u>Group</u> 12 Months <u>28 February</u> 2009 N'000	<u>Group</u> 14 Months <u>29 February</u> 2008 N'000	<u>Company</u> 12 months <u>28 February</u> 2009 N'000	<u>Company</u> 14 Months <u>29 February</u> 2008 N'000
Profit/ (loss) after taxation	195,853	-	186,501	(87,863)
Taxation	88,064	-	88,064	(37,656)
Profit/(loss) before taxation	<u>283,917</u>	<u>-</u>	<u>274,565</u>	<u>(125,519)</u>
Adjustments to reconcile profit/(loss) before taxation to net cash flow from operating activities:	-	-	-	-
	<u>283,917</u>	<u>-</u>	<u>274,565</u>	<u>(125,519)</u>

21. **Changes in operating assets:**

Changes in operating assets comprise:

	<u>Group</u> 12 Months <u>28 February</u> 2009 N'000	<u>Group</u> 14 Months <u>29 February</u> 2008 N'000	<u>Company</u> 12 months <u>28 February</u> 2009 N'000	<u>Company</u> 14 Months <u>29 February</u> 2008 N'000
Increase in operating assets				
- Loan to related entities	(4,898,017)	-	(4,898,017)	-
- Debtor and receivable	(204,997)	-	(705,293)	(144,275)
Increase in operating liabilities				
- Other liabilities and accruals	4,846,929	-	3,267,616	267,204
	<u>(256,085)</u>	<u>-</u>	<u>(2,335,694)</u>	<u>121,257</u>

22. **Related party transactions:**

During the year the Company transacted business such as the purchase of properties and other assets with certain companies that are regarded as related entities.

FINANCIAL STATEMENTS

Notes to the Financial Statements
For the year ended 28 February 2009

Loan to related parties as at 28 February 2009 amounted to ₦ 4,898,017,515.80 (2008: Nil), as disclosed at note 10.

The gross income derived from these related party transaction during the year ended 28 February 2009 amounted to ₦ 276,619,360.9 (February 2008: Nil).

The related parties to the Company are listed below:

Related entity	Relationship	Transaction	Notes	Balances as at 28 February 2009 Due (to) / from ₦'000
Summerville Golf Estate Limited	Affiliate	Loan to entity	10	2,606,920
		Payable to entity	15	(287,755)
Oceanwinds Hospitality Limited	Affiliate	Loan to entity	10	1,900,455
		Payable to entity	15	(57,803)
Farapark Limited	Affiliate	Loan to entity	10	151,020
Oakland Properties Plc	Affiliate	Loan to entity	10	239,622
		Receivable from entity	12	11,250
		Payable to entity	15	(51,425)
Adiva Properties Limited	Subsidiary	Receivable from entity	12	449,441
		Payable to entity	15	(76,347)
Cross Town Mall Properties Limited	Subsidiary	Receivable from entity	12	51,000
		Payable to entity	15	10
Oluwole Urban Mall Property Limited	Associate	Receivable from entity	12	95,544
		Payable to entity	15	(265,899)
		Deposit for shares	12	138,000,000
ARM Company Limited	Associate	Payable to entity	15	(1,168,235)
		Receivable from entity	12	51,280,861
Watford Limited	Affiliate	Payable to entity	15	(1,755,718)

- (a) The above receivable result from expenses incurred by the Company on behalf of the above related parties. Payable results from monies received by the Company on behalf of the related parties and outstanding loan granted to related parties not yet remitted.

23. **Contingent liabilities**

The Company is presently involved in a suit as a defendant. The Company is of the opinion that no significant liability will crystallize in respect of the case. There are no other contingent liabilities.

24. **Subsequent events**

There were no subsequent events which could have had material effect on the financial position of the Company as at 28 February 2009 and the profit for the year ended on that date which have not been adequately provided for or disclosed.

25. **Segment reporting**

Nigeria is the Company's primary geographical segment as all the Company's income is derived in Nigeria. Additionally, all of the Company's income comprises interest income on loans and placements. Accordingly, no further business or geographical information is required.

FINANCIAL STATEMENTS

Statement of Value Added

For the year ended 28 February 2009

	<u>Group</u> <u>12 Months</u> <u>28 February</u> <u>2009</u> N000		<u>Group</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> N000		<u>Company</u> <u>12 months</u> <u>28 February</u> <u>2009</u> N000		<u>Company</u> <u>14 Months</u> <u>29 February</u> <u>2008</u> N000	
		%		%		%		%
Gross earnings -	416,956		-		404,958		-	
Bought-in-materials and services:								
Local	(98,840)		-		(96,194)		(125,519)	
Value added	318,116	100	-		308,764	100	(125,519)	(100)
Distribution of value added:								
To Government								
Taxes	88,064	28	-		88,064	29	(37,656)	(30)
To providers of finance								
Interest and other charges	34,199	11	-		34,199	11	-	-
Retained in the business								
To augment reserves	195,853	61	-		186,501	60	(87,863)	(70)
	318,116	100	-		308,764	100	(125,519)	(100)

FINANCIAL STATEMENTS

Three - Year Financial Summary
Company

	28 February	29 February	31 December
	2009	2008	2006
	₦000	₦000	₦000
Assets:			
Investment Property	8,440,000	1,250,000	-
Investment in subsidiaries	20	-	-
Deferred taxation	-	61,911	24,255
Loan to related companies	4,898,017	-	-
Debtors and prepayments	851,240	145,947	-
Cash at bank	70,953	15,738	-
Call in arrears	-	-	20,000
	<u>14,260,230</u>	<u>1,473,596</u>	<u>44,255</u>
Liabilities:			
Borrowings	93,964	-	-
Taxation payable	26,153	-	-
Other liabilities and accruals	3,696,126	357,074	89,870
ARM Real Estate participatory notes	-	1,250,000	-
Total liabilities	<u>3,816,243</u>	<u>1,607,074</u>	<u>89,870</u>
Net assets	<u>10,443,987</u>	<u>(133,478)</u>	<u>(45,615)</u>
Capital and reserves:			
Share capital	841,779	20,000	20,000
Share premium	5,819,185	-	-
Revaluation reserve	3,750,000	-	-
Retained earnings	33,023	(153,478)	(65,615)
Shareholders funds	<u>10,443,987</u>	<u>(133,478)</u>	<u>(45,615)</u>
Gross earnings	<u>404,958</u>	<u>-</u>	<u>-</u>
Profit/ (loss) before taxation	274,565	(125,519)	(89,870)
Profit/ (loss) after taxation	186,501	(87,863)	(65,615)
Transfer to retained earnings	186,501	(87,863)	(65,615)
Earnings per share Basic	15k	(220k)	(328k)
- Adjusted	-	(7k)	(328k)

As this is only the third period of operation, only a three year financial summary is presented.

PROXY FORM

ARM PROPERTIES PLC.

1st Annual General Meeting to be held at 10am on Monday, 5th October, 2009 at Lagoon Restaurant 1c, Ozumba Mbadiwe Street, Victoria Island, Lagos

Being a member/members of ARM PROPERTIES PLC.

Do hereby appoint

* _____

or failing him the Chairman of the Meeting as my/our Proxy to vote on my/our behalf at the General Meeting of the Company to be held on Monday, 5th October, 2009

Dated this ____ day of _____ 2009

Shareholder's signature _____

RESOLUTIONS	For	Against
ORDINARY BUSINESS		
To receive the Accounts and the Report Thereon		
To declare dividend		
To re-elect Ms. Yinka Ogunsulire as director		
To re-elect Mr. Kwesi Sagoe as a director		
To re-elect Mr. Dafe Akepedeye <small>(SAN)</small> as a director		
To re-elect Mr. Deji Alli as a director		
To re-elect Mr. Bayo Adeniji as a director		
To authorize the director's to determine the Remuneration of the Auditors		
To elect members of the Audit Committee		
SPECIAL BUSINESS		
To fix the remuneration of Directors		

NOTES

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. This proxy form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked *) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. Please sign the above proxy form and post it to reach the address shown overleaf not later than 10a.m. on Friday, 2nd October, 2009. If executed by a corporation, the proxy form should be sealed with the common seal or signed
4. The proxy must produce the Admission form sent with the Report and Accounts to obtain entrance at the Meeting.
5. The proxy form should not be completed and sent to the address if the member would be attending the Meeting in person.

IF YOU ARE UNABLE TO ATTEND, PLEASE DO THE FOLLOWING:

- a. Write the name of your proxy (if any) where marked *
- b. Ensure that the form is signed by you and stamped with the COMMISSIONER OF STAMP DUTIES
- c. Tear the proxy Form along the perforated lines and post so as to reach the address shown overleaf not later that 48 hours before the time of holding the Meeting.



ADMISSION FORM

ARM PROPERTIES PLC.

Annual General Meeting admission

Please admit

to the 1st Annual General Meeting of ARM Properties Plc which will be held at Lagoon Restaurant, 1c Ozumba Mbadiwe Street, Victoria Island, Lagos State.

IMPORTANT NOTICE:

- i. the admission card must be presented by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- ii. shareholders or their proxies are requested to sign the admission card in the appropriate place before attending the Meeting.

ARM TRUSTEES LIMITED

Company Secretary

THE ANNUAL GENERAL MEETING TO BE HELD AT 10.00 A.M. ON MONDAY, OCTOBER 5TH, 2009 AT LAGOON RESTAURANT, 1C OZUMBA MBADIWE STREET, VICTORIA ISLAND, LAGOS

I/We _____ * being a Shareholder/Shareholders of ARM PROPERTIES PLC. (ARMP) hereby appoint

_____ * of _____ or failing him the Chairman of the Meeting as my/our proxy to act and vote for me/us at the Annual General Meeting of ARMP to be held on Monday, October 5th, 2009.

Dated this _____ day of _____, 2009.

Signature _____

NOTES

